

29 MAY 1992



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# **East Europe**

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# East Europe

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**Investigator-General Kristaq Ngjela Dismissed**  
*AU2805205892 Tirana ZERI I POPULLIT in Albanian  
21 May 92 p 3*

[Report by Bashkim Koci: "Mr. Kristaq Ngjela Is Dismissed From His Post"]

[Text] Kristaq Ngjela, chairman of the General Investigators' Office, was dismissed on 19 May. He was replaced by Prele Martini, who received his law degree through correspondence study. Ngjela will await reassignment by the High Council of Justice.

As regards Ngjela's career, the people will keep in mind his last interview given to Albanian Radio and Television concerning the "inaccuracy" of the complaint by several women and girls from Elbasan. Despite his attempts to argue the inaccuracies of ZERI I POPULLIT, he did not prosecute this case to the fullest extent possible. Thus, it would have been possible to calm not only Ngjela, but the rapists who, according to him, tried to "abuse" some common women and girls. The people will not forget this.

**'Mafia' Controls Kukes Enterprises, Institutions**  
*AU2905080392 Tirana BASHKIMI in Albanian  
14 May 92 p 1*

[Article by Riza Hoxha: "The Claws of the Mafia in Kukes"]

[Text] The speculations of the mafia in Kukes District are so multifaceted that there is a danger of them leading to social confrontations. Even suits are sold virtually free to the ruling mafia, at 350 leks, at a time when a suit costs an ordinary person 2,000 leks or more. This mafia leave the people standing open-mouthed. We all work together, but the fruits of our common toil are expropriated by a few. At a time when the bank does not even have leks for workers' wages, there is instant cash to enable the managers of the forestry, pasture and food enterprises, the hospital, and the sanitation, soil improvement, and tractor station directorates to buy sumptuous automobiles. Let us not forget one fact. Most of these enterprises and institutions are financed from the budget.

Many other facts show that it is the mafia that holds the real power in this district today. In Kukes District alone, the debts of enterprises and individuals to the bank amount to 23 million leks. In the first quarter of this year alone, the debts of the enterprises were the equivalent of the district's budget for three years. The construction enterprise alone owes 17 million leks. Only a short time ago, this enterprise bought several tonnes of nails at a very high price. All the nails were size five. Why does this enterprise need so many nails of this kind, which would keep it supplied for 30 years? In fact, the enterprise did not need them. They were wanted by speculators who intended to make large profits. Meanwhile, the petitions of this enterprise's work force, who do not want to sink

further into poverty, fall on deaf ears. This is because the hand of the mafia extends into every echelon of power, and even into the bank, which seems to gamble away and misuse millions of leks. It gives such-and-such an amount in credit, but never checks to see if this credit reaches its intended destination. Why does the bank remain silent? We cannot fail to have our suspicions. The people demand that the bank check where every qindarka goes, let alone the millions. The credit that has been granted should have led to the employment of hundreds of people. In reality, things have turned out differently. The roads have filled with cars; however, these do not produce bread.

There is more. The Assorted Products Enterprise is now up for auction. Meanwhile, the enterprise's director travels abroad on the state's hard currency to purchase raw materials. Is this paradoxical? Meanwhile, the administrative office's equipment is being sold to the apparatchiks at symbolic prices. Nobody asks why the workers have been living for almost one year on the handout of 80 percent of their wages. Nobody is called to legal account. The theft that took place in the wholesale enterprise might be called the culmination. It involved millions but was followed by silence. Why? What is hidden behind this theft?

Not even cultural institutions are spared the attentions of this powerful ruling mafia. The Pluralist Executive Committee recently decided to sell the district's history museum for the entirely symbolic price of 7 million (old) leks to none other than the secretary of the Pluralist Executive Committee of Kukes District. The protests of intellectuals and the entire public counted for nothing, although the losses this sale causes to society are incalculable. The fact that the sale went through in flagrant violation of the Privatization Law shows that this is a matter of real corruption in the ruling mafia. The institution's staff were not considered at all, and even if that were not necessary, why was the museum not put up for auction, as the law demands? Did it have to be given to someone in a position of power? The public suspects that other people who want to make a profit are hiding behind this sale. Fortunately, this museum, of great value to Kukes, was saved thanks to the vigorous intervention of Prime Minister Meksi, who ordered a suspension of the sale after a protest by the museum's staff.

However, we ask who faces any responsibility for breaking the law. Someone must do so, as long as there is talk about building a law-governed state. Otherwise, the mafia will one day have the people by the throat. Let us not forget that it was in this way that the figurative arts studio was sold a short time ago. There are similar plans to sell the town library and to move its stock into the House of Culture, which at present houses two billiard tables from which the professional actors of the variety theater make their living! Books and billiards will share a home. However, nothing surprises the mafia, who think only of profit.

Can we call a halt to the Kukes mafia?

### Common State Seen as Condition for Open Society

92CH0540A Bratislava KULTURNY ZIVOT in Slovak 16 Apr 92 p 7

[Article by Stanislav Jendek: "Are We on the Way to an Open Society?"]

[Text] Open society is not a social system but a mechanism for the testing of various alternatives. It does not determine economic structures and processes; it makes it possible to apply the method of trial and error, to make mistakes and to correct them (Ralf G. Dahrendorf). Although I think that it is of secondary importance what the method of society's praxis is called, abandonment of such terminology as "capitalism contra socialism" and in particular, abandonment of the social system theory are very significant. Abandonment of a system enables ideologists, politicians, citizens, and others to identify and apply everything that is good, tried and true, and to examine what they have learned, to correct and improve it without fear that someone might point a finger at them and say: "You are evil; you are hurting our society by promoting another system."

However, it is self-evident that this freedom of choice and pragmatism are predicated on several existential conditions. Open society presupposes an open political system—plurality. Open society must go hand in hand with an advanced civic society—a society controlled centrally or in any other way can hardly provide the necessary flexibility for the life of an open society. Anyone who has opted for a test by trial and error must be able to afford it. Economy must be efficient and its character must not differ from the character of the society. Such economy must be open and free. I am aware of only one model with those attributes; we call it market economy.

One of its most crucial preconditions is self-reflection. This truthful mirror always used to be the concern of independent intellectuals.

However, the most important thing after all is that people who constitute an open society be not without pride, self-confidence, and inner freedom. Ultimately, the state must protect its citizens, their property, their well-being and their freedom. In the same way, the state must protect institutions that undergird or form the very foundations of an open society—private ownership, freedom of opinion and expression, and freedom of assembly. The state must provide equal safeguards for all without restricting their personal freedom.

After all these attributes are named, it seems that it would enough to say: We in Czechoslovakia shall never achieve an open society. It is true that the citizens of East and Central Europe are characterized more by their defensive attitude than by anything else; nevertheless, I shall try to compare the above-mentioned circumstances with the current situation in Slovakia.

Our country's political system is sufficiently, occasionally even overly pluralistic. Because of political ignorance on the part of our parliaments, political parties advocating jingoism and racism in public have free rein in Slovakia. Incompetence, paralysis, stupefaction, and ignorance of our police and justice systems (not excluding other factors) are the reasons why various egg throwers or journalists may attack or insult anyone, including the president. Thus, our political system is pluralistic, but a democracy unable, incapable, or unwilling to defend itself is cutting off the twig on which it sits. I could say "the limb" but in case of our country and this whole region, the word "twig" should be used. In this instance, the thickness of the plant depends on economic productivity.

A strong and efficient economy guarantees political stability. Economy prospers in a stable political environment. Our economy is inefficient, inflexible, incapable of competing, and we could find for it a number of other words beginning with "in." Of course, we are interested in social consequences of this situation which also constitute a very important factor—a factor that undoubtedly affects the situation in our society and thus, also in the political arena. These various consequences (diminished purchasing power of the population, rising unemployment, devaluation of our currency...) may be summarized in rough outlines as a declining living standard.

For a while people may regard the decline of their living standard as a consequence of the centrally controlled economy; however, there is a danger that after some time people will begin to blame their predicament on the transition to democracy. Then a Great Messiah (I know of at least one of them already) appears before the people with promises that he will raise their wages and reduce unemployment, that they will no longer have to help support anyone else (how we will live everyone at his own expense), that he will settle accounts with the enemies of the nation, and other such temptations. For instance, such a messiah may go to Russia as prime minister and procure there 100,000 jobs for the Slovaks. However, then some other messiahs—glad-handed nationalists looking for an enemy and living on borrowed money—may also speak up.... In every case the results are predictable and almost identical. A messiah needs enormous powers to fulfill all his promises and deliver the nation from a crisis. He must be uncompromising and radical. That is generally known as the government of a strong hand. A strong hand dislikes democracy, plurality and civil rights. Neither can a strong hand stand the mirror of truth—Independent intellectuals and artists.

Thus, there was a race underway after elections to improve the living standard of our population before the next elections. Individuals who succeed (like Gonzales in Spain) and who can easily "sell" their accomplishments may hope that people will vote for those who helped engineer that success. In case of failure, the voters opt for individuals who "were pointing out from the beginning that this strategy was all wrong and consequently, it

impoverished the people." In this context, I consider it most unfortunate that the term of our election period was set at two years.

One fact should be emphasized in this conjunction. Initial conditions for the economic (but not only economic) reform in Bohemia and Slovakia were and still are different as concerns the economic structure and especially people's mindset—Protestantism and Catholicism, Protestant Bohemia and Catholic Slovakia. In the former, that immensely powerful tradition encourages individualism, entrepreneurship, responsibility for one's own fate, search for solutions, and pragmatism. In the latter, it is more or less a matter of collectivism, yearning for authority, passivity, resignation, looking for handicaps, envy, and emotionality. From the former it follows, among other things, that in Bohemia, there is more willingness and ability to adjust to a lower living standard than in Slovakia. Such a discrepancy affects now, and will affect in the future, various areas of coexistence of Czechs and Slovaks in a common state. Here is the hidden problem of the differences in the acceptance of the economic reform and thus, also of divergent types of the political scene and voting preferences.

Jacques Rupnik states that during the transition to democracy the specter of nationalism poses the greatest danger.

This bogeyman is frightful enough, but what is its main culture medium (of course, next the "national problem" which the communist regime had put on ice)? It is the disastrous economic situation plus the craving for power on the part of the losers in the political competition. If we add those efforts to the weakening of our social foundations due to the declining living standard, we can quite accurately define the method used by the opposition in its attempt to get ahead. It is a social and nationalist demagoguery that promises to achieve impossible accomplishments in the economic area, to identify and to struggle against the enemies of the nation who are always prepared for every contingency (and who intend above all to hurt us economically).

What can be most effectively used against a coalition? To be sure, precisely what it is trying to correct at this time. Nothing can prevent a major demagogue from blaming, for instance, the poor economic situation on the work of the "repairmen." Various political adventurers know full well that once a corner is turned and a better day begins to dawn—in other words, once the political situation begins to stabilize—they will be defeated forever. Nobody wants to replace a government that guarantees its people security and protects their property; analogically, no one wants to change a social system that offers relative prosperity to the people (if they so wish) and assures them that they will not end as beggars (if they cannot find their place in society on their own). If I could offer Slovaks a gift, I would give them patience and self-confidence.

The founding of a civil society is a process which has begun and which goes on. Private companies, foundations, private schools, all kinds of civic associations, and political parties have been organized. However, aside from business ventures and similar exceptions, all those institutions are state-financed. Therefore, their independence from the state is, to say the least, questionable. To become truly independent, they need a well-running, efficient economy. Only in an environment with a strong economy can we find enough sponsors willing to support certain associations and institutions. In addition to attracting publicity and well-wishers, they promote an open society, in other words, an environment where a market economy is a must.

Over several decades the Communist regime succeeded in developing a community without any independent intellectuals. Due to disastrous shortages of competent individuals, there are very few intellectuals who are not involved in political activities and in political institutions that one cannot speak of any independent self-reflection.

State paternalism of the past 40 years resulted in the current situation where the population, paralyzed by changed socioeconomic conditions, shows very little readiness to adjust to those changes. It does not strive to become mobile and creative, to get involved, and to be responsible for its own fate. This situation is in fact further exacerbated by Slovakia's dismal economic conditions, higher unemployment and lower purchasing power of its population.

The Communist regime fully recognized areas on which to focus control and which to manipulate. One of them was justice.

Organization of an independent judicial system is one of the most formidable tasks before us. How can one explain why such violations of laws as slandering the president, promotion of racism, or planned and intentional disruptions of peaceful assemblies go unpunished? The flow of rewards to judges, prosecutors and attorneys spoiled rotten by the communist system for their loyalty to that regime has suddenly stopped. Moreover, it obviously depends on one's point of view whether the enactment of the law on lustrations will help or hurt the judicial system.

Are we on the way to an open society? From the initial premises roughly outlined above (which certainly cannot offer an accurate picture of the situation), we may draw one feasible conclusion: never. However, development is a natural trend in every society. Development proceeds on the basis of trial and error—by choosing the more advantageous alternative. Many factors determine which alternative a given society chooses at this or that moment. Yet no matter how different and how long the chosen ways may be, every society wants to be open. We may say that many contemporary societies are open—especially societies in West Europe. Many are working their way toward openness (countries in South America

and Central Europe), while for many societies the beginning of the way toward openness is still in the future—let us mention Cuba, North Korea, or Albania. The differences in the development of countries with comparable conditions indicate that sooner or later societies will try several systems and find that their best option is to be able to correct any possible errors flexibly, and that an open society is the best society.

For 20 years the people in the neighboring Hungary have been finding out basically on their own example that market economy is the best economic model, and that self-reliance is preferable to any dependence on the state. Today it may be said that they are convinced about these truisms. The Polish people have been testing that for 10 years already, but the results of their recent elections are proof that the Poles still have not been fully cured of communism. And what about Czechoslovakia and Slovakia after their two-year therapy?

It is certain that with its Protestant traditions and cultural and geographic proximity to West Europe, Bohemia has come closer to openness than the Catholic Slovakia with its ambiguous culture and geographic position. We do not know the extent of this difference but it is no longer a major one. What we should be interested in is an idea confirmed by Ralf G. Dahrendorf: "Political changes may be implemented in a few months; results of an economic reform may appear after several years, but it will take a generation or more before people and society actually recognize such changes."

Due to cultural, political, economic, and other differences between Bohemia and Slovakia, it is necessary to define the relation between our republics and to justify our coexistence. If we disregard various emotional reasons, our common Czechoslovak state is guarantor of a democratic development in Slovakia, as well as guarantor of a radical, rapid economic reform. In simple terms—if Slovakia can be assured of its democratic development, the problem of an independent Slovakia will be far less dramatic. On the other hand, it is obvious that if such guarantees existed here, the process of defining the relationship with the Czech Republic would follow a completely different course. One must not forget that our economies—naturally, so long as one can speak of two economies at all—are interconnected.

Well, those are the pragmatic reasons why Slovakia should want a common state with "Czechia." Regrettably, on the Czech part the sole pragmatic reasons for our coexistence to my knowledge are economic. However, there is yet another reason for our coexistence. Because of its importance I want to highlight it. It is highly probable that a split into an independent Slovakia and an independent Bohemia and Moravia would gladden the hearts of Ukraine and Russia as well as of Germany. It is obvious that in view of Germany's geopolitical interest in Bohemia, it only welcomes efforts of Slovakia's separatists. It is axiomatic that such efforts are equally appreciated in the East.

Slovakia is on its way to an open society. It will be a long and difficult route. It seems inevitable that people must learn from their own experience what the flirtation with ideas of socialism (be they in the economic, national or social-democratic form) and dependence on the state mean for them. The possible outcome of this learning may be a situation where no dirty deals or underhandedness will be automatically sought behind other persons' successes but where accomplishments of the achievers will help motivate the underachievers.

### Positive Implications of Czechoslovak Idea Stated

92CH0544A Prague RESPEKT in Czech 22 Apr 92 p 2

[Article by Boris F. Lazar: "Between Utopia and Civilization—On the Czechoslovak Position"]

[Text] I am one of those Slovaks who has no intention of living in an independent Slovak state. The reason is simple: This state does not offer me either more civil freedoms nor more economic prosperity than does the present state of Czechoslovakia.

My father did not like Czechoslovakia. He was a citizen of Austria-Hungary, spoke all the languages of the monarchy, and regarded the coming into being of Czechoslovakia as something which restricted his entrepreneurial and human possibilities. He was a cosmopolite. Hitler, just like today's nationalistic press, perceived this term to be something pejorative.

Actually, I have the same view of the situation as my father had. I shall perceive an independent Slovak state as my own pauperization. Perhaps I am only a conservative. I have become accustomed to consider the entire Czechoslovak territory as my home: from As to Cierna nad Tisou.

I grow tired of today's constitutional discussion between the Czech and the Slovak representation. I fail to understand how the elites of two central European nations can, with a straight face, be haggling over a federal two-part communal state with confederate elements.

With the exception of the former GDR, the original division of Europe into East and West persists. In the East, there is an ongoing disintegration process which is the exact antithesis of the integration for which the European Community is striving. The Hungarian writer, G. Konrad, recently expressed himself by saying that he sees no democratic method of preventing the disintegration taking place in the East.

From the security standpoint, the advent of small, economically not self-sufficient nationalist ministates represents the future of border change in Europe. The policy of confrontation has been replaced by a policy of instability, the result of which can be a new Iron Curtain which, this time, however, would be lowered by the West.

Following the demise of the so-called Second World, the countries of the former Soviet bloc are deciding between the so-called First World and Third World. The frequently cited statement by Klaus that "every third way leads directly to the Third World" indicates that the minister of finance is aware of this fact. It is noteworthy to see how consistently this dilemma is being denied by the Czech left.

In the West, a so-called two-thirds society has become stabilized: Two-thirds of the citizens are prospering, whereas one-third finds itself on the margins of poverty and is practically excluded from all social events. The economic transformation, which is supposed to bring a market and "Western conditions" to the postcommunist countries, will have an impact similar to that caused by industrialization in its time: At a minimum, one-third of the citizens will lose ground and social securities which were provided by the communist regime, all of us, without exception, will lose.

One of the most dangerous illusions in postcommunist society was the illusion of general prosperity which was supposed to set in following the velvet revolution. Actually, what was involved was the realization of communist utopia, which was supposed to become a reality as a result of the fall of communism.

Not only shall we never achieve this state of prosperity, but if we wish to prevail in competition with the West, we must become familiar with a mode of conduct which is customarily characterized as "asocial" more or less without exception. It is not certain whether postcommunist society is more afraid of modernity, of a systems approach to thinking, of the working pace of the West, and of the need to constantly increase one's qualifications, than of poverty.

An alternative to Western society, social inequality, and many insecurities is a leveled society of general poverty. By the way—none of the leftist press issued a call for this kind of society more clearly than it appeared in the pastoral letter of the Slovak bishops: "If we are to suffer the consequences of communist management, let us all suffer equally."

We are deciding between the East and the West. Between messianism and realism, between utopia and civilization. In these connections—and not only in the purely historical context—the Czechoslovak position should be defined.

In the first place, it is impossible to agree to have the word "Czechoslovak" replaced by the word "federal." Similarly, it is not possible to acquiesce to the concept put forward by Petr Pithart and Vladimir Meciar, who decided to forge this concept "from below"—in other words, let the expression "Czechoslovak" retain only those attributes which are immaterial to either the Czechs or the Slovaks. The expression "Czechoslovak" must depict a new quality which cannot be delegated "from below," which did not come into being merely by

connecting the "Czech" with the "Slovak," but unequivocally transcends them. The same is true also of the Czechoslovak state. This state can have meaning for the Czechs and the Slovaks only if it provides them with a quality that cannot be achieved either in a Slovak state nor in a Czech state. The positive experience of the Czechoslovak state lies in the fact that it was a multinational and multicultural state. The mental difference between Czechs, Slovaks, Hungarians, Ukrainians, Germans, and Jews was not only the source of conflicts, but also the source of inspiration. Without this positive experience, the future of Central Europe is unthinkable: As Wolfgang Schaeuble recently reminded us, it is impossible to arrange this area without genocide in such a way that only nationally pure states would exist in it. The expression "Czechoslovak" in today's context primarily means "Central European," in other words, a term which transcends the imminent national experience of Czechs as well as Slovaks.

It is necessary to differentiate between historical experience and "historical mission," the latter term being so popularly used by nationalists and for which they demand sacrifices from their people. The relevant historical experience of the Slovaks and Czechs lies in the fact that each time when disintegration prevailed in Europe over integration, and each time that controversial national interests and passions dominated, we were only the certifiable object of history. European integration reflects the most essential interests of the Slovaks and the Czechs, its failure would mean an end to our freedom and sovereignty.

Today, the Central European position does not represent an effort to preserve the Czechoslovak state at any price. Primarily, the reasons for preserving this state cannot be negative: fear of the Germans and Hungarians. It would be similarly unacceptable to preserve the Czechoslovak state at the price which would call for the assertion of a leveling trend and at the cost of our becoming a bridgehead to the Third World in our fraternal concordance.

Much depends on the extent to which we realize that, for purposes of orienting oneself in the world of today, neither the Czech nor the Slovak national experience is enough. The nationwide demonstration in Bratislava against the Czechs and the beginning nationwide demonstration in Prague against the Germans indicate just the opposite for the time being.

#### Chance of Authoritarian Regime in Slovakia Weighed

92CH0544B Prague RESPEKT in Slovak 22 Apr 92 p 3

[Article by Peter Schutz: "The Salvation of Slovakia Is a Czechoslovak Affair—Will the Right Be Able To Ward Off the National Socialist Threat?"]

[Text] With the approaching changing of the political guard, considerations, the central theme of which is the threat that some form of autocratic regime in Slovakia will be restored, are multiplying. In view of the topical

European context, this would understandably not involve an open dictatorship with the evident suppression of fundamental human rights and freedoms—at least not right away. The consequences of the economic collapse which will be unavoidable once the left takes power would, however, compel the government to undertake a form of curtailing democracy, in accordance with models from the past. The possibilities of such a development are connected primarily with the person of Vladimir Meciar.

Fortunately, the division of the state at least into a confederative shape, which is the first and fundamental prerequisite of socialist recidivism, is, of course, not a matter only for Slovakia, but for Czechoslovakia. The Czech public as well as the political parties are basically right when they believe that a condition for a meaningful continuation of a joint state is a functioning political compromise. However, the polarization of views on whether the harmonizing of the expression of the will by the citizenry as a result of the elections is even possible or whether it has any meaning at all is becoming ever more palpable. Fears are mainly tied to compromise solutions of the economic transformation, where the pressure of the Slovak socialist opposition is already unbearable in places.

All considerations along these lines are completely appropriate and have their rational core. The problem is that they are frequently marked by preelection calculations on the part of politicians and as such they have a tendency to distort and magnify certain facts, with their negative effects on the other bank of the Morava River possibly exceeding the pluses achieved on the home ground severalfold.

It is to the undisputed credit of Jan Kalvoda that the line he presented during the constitutional discussions contributed to the differentiation which occurred within the KDH [Christian Democratic Movement], a movement in which very few people believed prior to the elections. His fundamental positions, addressed to the Czech voters, tend to pull the rug out from under that part of the Slovak representation with which he would certainly have no problems coming to an agreement on constitutional questions. It is no coincidence that young Kalvoda is today perhaps the most widely quoted Czech politician in Slovakia and, by having individual sentences of his torn out of context, is characterized by the media as the representative of Czech chauvinism and nationalism.

The position of the Slovak right also undermines the silent nonaggression pact between the anticipated victors in the elections—the HZDS [Movement for a Democratic Slovakia] and the ODS [Civic Democratic Party]. For a considerable period of time now, Meciar is making political capital by referring to some kind of foggy possibility for a postelection agreement at the federal level and the official circles of the ODS unfortunately are not showing the slightest inclination to take a position in this regard. In the background, there is the understandable fear that the unequivocal distance from the HZDS

could turn that Czech voter away from the ODS who has strong emotional ties to a joint state and who, out of fear that the state would disintegrate, would rather cast his ballot for the “more flexible” OH [Civic Movement].

It is precisely with a view to these voters that the hesitant and ambiguous position of the ODS toward the separatist and anti-reform-minded HZDS is a gross political error. Although the ODS is acquiring the confidence of those still undecided Slovak citizens for Meciar, citizens who would otherwise not vote for the HZDS precisely because of their fears for the joint state. Meciar can, with a smile, counter the contentions of the Slovak right that whoever votes for him votes for the disintegration of the state. At most, the ODS, by keeping its silence, is promoting the HZDS image of a serious and credible partner, who is approachable by sensible solutions—something which it is not and will not be.

In this connection, then, the words of F. Miklosek that individual political entities should let the voters know with whom they can cooperate and with whom they cannot cooperate. Naturally, coalitions will be forming on the basis of election results and nobody will even dream of speculating, for example, on a connection between the ODS and the SDL [Party of the Democratic Left]. And whether anyone likes it or not, if there is any difference between the HZDS and the SDL, then it can be resolved in favor of the SDL.

Unfortunately, it would seem that not even the expanded activities of the ODS in Slovakia can result in the anticipated effects. The presupposition that the decision was born late is turning out to be correct. Although the image of V. Klaus will be sufficient, in conjunction with the DS [Democratic Party], to permit entry into parliament, the quality of the “material” which will reach parliament will be more than questionable. Signals from the constitution of regional structures indicate that there is infiltration of not exactly the most confidence-inspiring personalities with a bright past, something which can cause the ODS much unpleasantness in the future. At the moment, however, the participation of the ODS in the elections in Slovakia has no alternative; a possible withdrawal would expressly lower the prospects of the Democratic Party.

At least in the beginning, the activities of the ODS in Slovakia should be less autonomous and more regulated by the center. Although structures cannot be created from Prague, at least a suitable political line can be determined. It should be clear that identification with regard to the relationship between the ODU-VPN [Civic Democratic Union—Public Against Violence] is not accomplished by accentuating the ever more rightist approach toward economic transformation because, in this area, there are no differences between these two entities. However, several okres speakers have already committed this fundamental error. The statement by M. Kukucka, Federal Assembly delegate, who transferred from the ODU to the ODS, is also absolutely complete. According to him, the Slovak right is only declaring itself

to be a rightist party verbally and therefore "the need arises to fill the vacated area with a more radical entity which would more thoroughly stand on civic democratic principles." That is only a phrase. Not a single Slovak representative of the ODS has as yet said anything substantial and fundamental with which this party could profile itself visibly and positively in its relationship with the ODU. This is an unambiguous and total rejection of the national principle in creating a state with an effort to capture approximately 20 percent of the population which, according to public opinion polls, prefers a unitary or a federal state. It looks as though certain barriers resulting from the Slovak political environment are, for the present, taboo even for the "radical" ODS.

The division of the KDH has resulted in a completely new situation on the Slovak scene which requires a thorough reevaluation of the obtuse approaches used by a portion of the rightist spectrum. It is precisely in the most recent proclamation by the ODA [Civic Democratic Alliance] that an appeal can be heard to activate Slovak democratic forces. It is possible to agree that democracy is a higher value than federation, but, Daniel Kroupa forgive us, saving Slovakia from a national-socialist catastrophe is a matter of positive activity on the part of all Czechoslovak democratic forces, activity which is stripped of all secondary political calculations.

**Slovaks in Czech Lands Urged To Organize**  
92CH0539B Prague *LIDOVE NOVINY* in Slovak  
27 Apr 92 p 2

[Guest commentary by Jan Mlynarik, deputy for Civic Democratic Union [ODU]: "Slovaks in the Czech Lands"]

[Text] About half a million of them live here. Most of them in Prague and in the border regions. They are familiar with the Czech mentality, they know the good and the less good sides of the Czech nation, and the way it lives. They live in it and with it, on the whole, they share its joys and its sorrows. If this were not so, they would not live here, but in Slovakia or abroad.

Czech and Moravian Slovaks quite rightly, and in some cases surely also proudly, claim they belong to the Slovak nation. There is no doubt about their patriotism. But their relationship to two values must be added to this attitude: to democracy as a civil society, and to loyalty to Czechoslovakia. In these basic issues of civilization, they identify with a substantial part of the Czech nation. They do not favor nationalist issues but issues of civil society in a democratic, parliamentary state. The term "citizen" was distorted by Slovak nationalists in Slovakia to become an insult. To a Slovak who is nationalistic to the extreme, the words "civil society" have the stench of the Devil and hell. This is the basic difference between Czech and Moravian Slovaks and the extremists.

Most Slovaks in the Czech lands are inclined toward a healthy loyalty to Czechoslovakia, reformed according to democratic principles. They favor expedience, the

advantages of a common state, and, fundamentally, the issues of separatism in an integrating Europe are alien to the Slovaks in Bohemia and Moravia. They know what the disintegration of the state would mean economically, and what impact it would have on society, and even on the culture and civilization.

Slovak nationalists' attempts to win Slovaks in the Czech lands for their cause have been obvious for some time. After all, we are talking about a relatively significant part of the nation. Slovaks in Brno and in other places have already opposed the extremists. Let the Slovaks living in the Czech lands, and not the Slovaks living in Slovakia, speak for themselves. This is the principle on which the federal, cultural, and political life of Slovaks in the Czech lands should be based.

As a result, in these critical times, which threaten the disintegration of a common state of Czechs and Slovaks, it is necessary to create a cultural and political organization in the form of a union of Slovaks in the Czech lands. In turbulent times they should have an organization that would soberly and purposefully explain the attitudes of their fellow citizens to the Czech nation so that potential nationalist extremes can be avoided on the part of the Czechs against the Slovaks who live in the Czech lands.

It is not a matter of a separatist movement, nor an antidemocratic one but, to the contrary, it is an attempt to strengthen Czechoslovak cohesion, the feeling of belonging together, and mutual understanding of the citizens who live in the region of Central Europe, in the heart of Europe.

**Ascent of Meciar to Prominence Sketched**  
92CH0543A Prague *REFLEX* in Czech 6 Apr 92 p 13

[Interview with journalist Milan Zitny by Dan Hraby; place and date not given: "Road to Power"—first paragraph is *REFLEX* introduction]

[Text] It is not usual for a journalist to interview a colleague. But in the case of Milan Zitny it is understandable. The public became aware of his name during the past several months mainly in connection with the activities of Vladimir Meciar in his position as minister of interior and subsequently as prime minister of the Slovak government. He was the first to publicly point out Meciar's activities, and in the end it was also he who put the Defense and Security Committee of the Slovak National Council on the trail of some important facts and witnesses. And so, even though the entire Meciar affair came to such a dramatic conclusion only in the past few days, for him it began considerably earlier.

[Zitny] The very first time I began to think of Vladimir Meciar as a singular personality was when he finished off Minister of Interior Andras. At that time he even exploited the tense situation surrounding the adoption of the language law. All of a sudden we began receiving information that he has the files of the State Security Agency [StB], and that he is not hiding that fact in any

way. We then began to put together the entire mosaic in the editorial office of the biweekly ECHO. And the first thing we came up with was the Demikat affair.

[Hruby] What was it about?

[Zitny] Sometime in the spring of 1990 Meciar named Jan Demikat to the position of commander of the motorized flying squad in Kosice. But the local head of the kraj administration as well as the policemen's union and the civic commission opposed it, because Jan Demikat was at that time chairman of the Central Control and Review Commission of the Slovak Communist Party Central Committee. And all this at the time when the police were long supposed to have been depoliticized. And one more thing, Demikat is a former StB member, dismissed in 1982.

[Hruby] Toward the end of 1990, the dispute within the until then, at least seemingly united Public Against Violence [VPN], came to a head. What was Meciar's role at that time?

[Zitny] I was then acting as a manager for VPN, and so I had the opportunity to observe from close quarters how the tension between Meciar's and Gal's wings was escalating. The so-called Trnava initiative came into being, which tried to put either Meciar or Budaj at the head of VPN. The latter was unacceptable, thanks to the screening affair, and so the scale kept tilting more and more toward Vladimir Meciar. At that time we still had no inkling that the Trnava initiative was coorganized from behind the scenes by Budaj himself. But even so it became clear to us as early as January 1990 that Meciar is striving for a dominant position, and that to achieve his goal he is not using exactly the most respectable means. We therefore began to systematically gather information on him. To light came Meciar's contacts in Obroda, as well as the facts about the way he surrounded himself at the Ministry of Interior with his former colleagues from the Central Committee of the Czechoslovak Youth Union, many of whom were StB agents.

[Hruby] At that time he was already the prime minister.

[Zitny] Yes, he was already the prime minister.

[Hruby] Do you think that Meciar's road to power, from the moment he joined the ranks of VPN at home in Nemsova, until the moment he became the Slovak prime minister, had its own inner logic and a definite plan?

[Zitny] To a certain extent. But there were also improvisations on the theme "Road to Power." Look, Meciar joined VPN very, very late in the day. On 27 November, the day of the general strike, he was still on the side of the Skloobal Nemsova leadership, which threatened to sack workers who would join the strike. Some days later at a meeting he sat down with the plant's employees. Without batting an eye, he made a 180-degree turn and began to throw mud at the enterprise leadership. I was informed that even at that time instructions came from a certain politician in Bratislava.

[Hruby] Then Meciar made his way into the VPN center in Trenčin....

[Zitny] There he was soon in cahoots with a certain Karol Povoda, who used to be the ideological secretary of the Communist Party of Slovakia in Trenčin. Several other rather peculiar people were to be found there, who gradually disappeared from the scene. They created at that time a small, but cohesive group.

[Hruby] From Trenčin Vladimir Meciar came to take part in the competition which VPN held for the post of minister of interior. Is it true that he was marvelously well-prepared?

[Zitny] The policeman, who coached him in the problems of the police component of the competition was, according to the report, First Lieutenant Viliam Pavlik from the Defense and Security Committee of the Slovak National Council. He testified, among other things, that in January 1990 he helped to carry files from the so-called Tiso's villa in Trenčin into a car, which then took them to Meciar in Bratislava. Simply, we can say that the reformed communists got everything that Meciar needed ready for him. The task of finding a minister of interior was given to the then prime minister Cic, and from here the threads already lead to Trenčin. The contact in this was a former member of the Slovak government, also an out-and-out communist. The person who approached Meciar in this matter was a certain Vladimir Krajci, a close friend of Alexander Dubcek. He made him an offer. Meciar accepted it. All that remained was to prepare him for the competition, because the others taking part in it were Vladimir Ondrus and the present chief of police, Stefan Lastovka. And Meciar was so well-prepared that he outdid everybody with his expert knowledge.

[Hruby] As far as I know, Meciar was not the only one, let alone the number one candidate, for the post of prime minister....

[Zitny] There were about five candidates. Simecka and Kusy did not feel up to the position, another two gave up their nomination in Meciar's favor. And that at a time when VPN already had on its table evidence of Vladimir Meciar's activities at the Ministry of Interior.

[Hruby] Many people have known for a long time about the activities of this politician, yet nobody felt able to take on the responsibility and speak up against him....

[Zitny] It seems that at that time he was still bedazzling everyone with his assertiveness. He could clearly identify a problem. He always went directly to the point. He was an excellent organizer. He took the burden of responsibility from others. He did work in behalf of other ministers, and they found that convenient. He knew how to get down to work, all members of the first government will testify to that even today.

[Hruby] Much of this was known at the time Meciar was recalled from the post of prime minister. All of a sudden

he became a national hero, people were out in the streets, and the facts remained in the safe, so to speak. Why even now?

[Zitny] To my mind, those facts were of such delicate nature that everybody would have had to resign, one and all. Because people then would quite rightly ask: If you knew it, how could you have put up with it?

[Hruby] The name of Alexander Dubcek was mentioned. What do you think was his role in this whole affair?

[Zitny] I do not know if he had a direct personal role in all this. But he certainly bears a share of responsibility in it. Dubcek was a communist and he remained a communist. Logically then, he preferred to accept Meciar rather than maybe some conservationist. They were close ideologically.

[Hruby] Do you consider it possible that Meciar was the "Doctor" who was supposed to shadow Dubcek?

[Zitny] In Meciar's time the StB had an incentive to be interested in Dubcek. That is certain. Meciar's control officer, who certainly knows a lot, fled to Switzerland just before he was to be interrogated. Even that says a lot.

[Hruby] What were the links between Meciar and Obroda?

[Zitny] Here one incident is very interesting. Sometime in December 1989 there was a meeting of the Party of Democratic Socialism. About 23 people were present. Meciar gave a speech which made such an impression that this man, unknown to the majority, was immediately proposed for the board. But the Party of Democratic Socialism soon turned out to be a stillborn child. Obroda then knew no other way up than to infiltrate the ballot of the then so very popular VPN.

[Hruby] We are talking about Vladimir Meciar's road to power. According to your account, everything fits together with almost too great a precision. Is it not possible, then, that the entire matter was planned in advance... maybe StB?

[Zitny] Let us not succumb to persecution mania. I do not think it was. At least, nothing points to it. In November 1989 State Security was paralyzed. Changes really were won by people in the streets.

[Hruby] Nevertheless, the report from the Defense and Security Committee says that Meciar was registered as a candidate for secret cooperation [KTS]. But in that category it is difficult to say right away whether it concerned a knowing or unknowing cooperation. What was it in Meciar's case, in your opinion?

[Zitny] He was a KTS from 1985 to 1986. That means, that in 1986 his superior officer ended the relationship and sent his file to the kraj administration in Bratislava. He therefore was no longer an active agent. But there is the question: Why did Meciar have the archives of the State Security in Trenčín burgled, if he was merely a

KTS, and on top of everything his cooperation was unknowing?! I personally suspect that he was working... even if perhaps for somebody else.

[Hruby] For whom?

[Zitny] Meciar was friends with officers from the Soviet barracks, which are about 300 meters from Skloobal where he worked.

[Hruby] Do you consider cooperation with the KGB a possibility, then?

[Zitny] Cimo, who was director of inspections during Meciar's time, made his acquaintance in 1987 and soon also became friends with him when as a representative of the People's Control Committee he was carrying out controls in Skloobal. He told me that Meciar once confided in him that the Russians were the ones who helped him so that he, a hostile person, could get into a university.

[Hruby] There are also speculations that Meciar was interested in joining the Communist Party. How much truth is in that?

[Zitny] When in December 1989 he was shouting insults as the then district secretary of the Slovak Communist Party, another secretary expressed surprise that he is shouting so loudly, after all, he was supposed to be accepted as a candidate that same month, his application having been submitted in October. This information came to me from several sources.

[Hruby] Does this application exist?

[Zitny] Maybe it does, but we do not know about it. Today Meciar insists that even this was made up.

[Hruby] That brings us to another point. Many people, although they knew about Meciar's actions, did not want to testify. That's why it has taken the affair two years to get publicized....

[Zitny] I can corroborate that by referring to an important fact. I have known Cima for several months now. But I received the information about the burglary in the villa from a third person. That was already at the time when Pittner removed him from the post of director of inspections. Only then was I able to persuade him to testify officially.

[Hruby] It seems that this reluctance to talk continues to this day....

[Zitny] So far everybody who testified under oath has de facto proven him guilty.

[Hruby] How should this whole affair develop further?

[Zitny] If the investigating agency comes to the conclusion that the facts constitute a criminal act, the prosecutor should prepare an indictment and ask the Chamber of Nations of the Federal Assembly to strip Meciar of immunity. There is, after all, a substantiated suspicion of several criminal acts having been committed: abuse of power by a public official, breaking the law on state secrets, etc.

[Hruby] The fate of Slovakia is to a considerable degree bound with the fate of Vladimir Meciar, or at least interlinked. How do you think the public will react to the revelations in this affair?

[Zitny] If you are thinking about the elections, then there are three possibilities: First, in case of a criminal prosecution, Meciar will not be able to run for office. Second, he will run and will win in the elections. He will simply become a martyr, and the Movement for a Democratic Slovakia will get even more votes than it would under normal circumstances. And finally, the third possibility is that although Meciar will run, he will lose.

### Privatization of Government Property Discussed

92CH0535A *Prague EKONOM* in Czech  
23 Apr 92 pp 16-18

[Interview with Engineer Jan Princ, candidate of sciences, first deputy of the Executive Committee of the Czech Republic National Property Fund, by Irena Satavova on 31 March; place not given: "Handing Over the Property of the State"]

[Text] [Satavova] At the time of our interview, that is to say, around the end of March, the final approval of privatization projects is under way, projects which are to make up the offerings side of coupon privatization; the minimum value of property involved in the Czech Republic is estimated at 173 billion korunas [Kcs]; in Slovakia, the minimum value of property to be privatized is estimated at Kcs75 billion and the Federal Ministry of Finance is supposed to negotiate projects worth approximately Kcs12 billion.

[Princ] The approval of privatization projects represents a continuing process, because not only privatization projects designed to establish stock corporations are involved, but projects, the object of which is direct sale, public auction, public competition, restoration of part of the property to a person entitled to restitution, either physically or in the form of securities, and, understandably, there are also direct sales—the so-called remainder buyouts, where the appropriate individual to whom property is being returned asks to purchase an additional part of the property which is immediately related to the returned property and which forms a technological whole with it for accounting purposes. In the Czech Republic, more than 100 projects have thus far been submitted for realization, in which the standard method of privatization prevailed. By 11 April, the approval of that part of the projects which anticipate the establishment of stock corporations involving the use of investment coupons or where a portion of the securities will be sold for investment coupons is scheduled for approval.

[Satavova] Approved privatization projects are now being realized. Why?

[Princ] Privatization projects were processed during the course of last year. From the standpoint of value data pertaining to them, for the most part, data from the

end-of-year balance sheets (30 June or 30 September 1991) were used. The establishment of stock corporations will occur approximately in April-May of this year and this means that the data utilized are often three-fourths of a year or half a year old. Therefore, it is necessary to actualize all hitherto approved privatization projects on the basis of balance sheets dated 31 December 1991. This actualization will be accomplished by the processors in working groups, in which the project submitters will be represented, along with representatives of the appropriate ministry and representatives of the Ministry for Privatization. A privatization project will be brought up-to-date using the results of the balance sheet dated 31 December of last year, plus the accounts receivable which are not included in the accounting process, but appear in subbalance accounts; furthermore, the property will be adjusted by that portion, the operation of which is paid from the fund of cultural and social needs (that is to say, various recreational facilities which are not included in accounting records) and by objects of gradual consumption, to the extent to which they have already been written off (for example, objects of gradual consumption which are written off 100 percent at the moment they are deposited in production, so that the next month they are already figured to have no value).

Actualization must be accomplished also because, during the course of last year, the Fund of National Property of the Czech Republic financed the debt reduction of enterprises at the level of Kcs22.2 billion. This was virtually the amount by which foreign liabilities of the individual enterprises were reduced, or the amount by which their value was increased.

The third reason for actualizing privatization projects is the fact that, on the basis of the amendment of Law No. 92/1992 Sb, which resulted in simplifying the transfer of property to new entities (for example, a notarial entry is not required regarding the transfer of real estate and land parcels), the privatization project has been made the sole legal document which will prove, for future purposes, what property and on what basis the property passed from the state to new entities. This means that we require that the privatization project be augmented—provided it is not already there—by a listing of all real estate and land parcels, including their identification designation and information regarding the method of their acquisition by the state. We will not be satisfied with a declaration by the enterprise that this property was transferred to it from another state enterprise, but the subject enterprise must ascertain whether the previous enterprise did not acquire the property from some private individual who could now assert a restitution claim, for example.

[Satavova] What will be the future fate of projects which have been actualized in this manner?

[Princ] A privatization project which has been augmented in this manner becomes the object of basic data input into a computer, in accordance with an actualized binding program. The computer will check the logic, the

correctness, and the ties which must be assured in accordance with the program. Frequently, in the process of approving a project, certain portions were exchanged and the figures do not check out. It is necessary for it to be clear that all property which was declared in the privatization project is transformed or is designated as property not needed for future business purposes, or is designated as property which is exempt from this privatization project because it is property which, for reasons of constitutional law, cannot be privatized (for example, the sources of medicinal therapeutic waters, etc.). It is only after this control that the Ministry for the Administration of National Property and Its Privatization will transfer the project to the Fund of National Property.

[Satavova] At that instant, the Fund of National Property is dealt a wild card and, within the short time before it plays it directly into the first round of coupon privatization, it must master several additional tasks. What are these tasks?

[Princ] The Fund of National Property will check whether the privatization project contains all attachments it is supposed to contain according to the approved program, that is to say, the proposed founders' list, which records the object of projected activities, the future board of directors, and the proposed statutes. In the event this proposal is missing from a privatization project, we have processed a sample founders' list as well as sample statutes which, although they are very stringent, nevertheless accurately reflect the basic requirements articulated in the appropriate laws. Together with the future board of directors, we are able to essentially issue these documents on the spot, that is to say, we need only complete the data which are specific for one or another specific organization. For purposes of mastering this phase, the Fund of National Property has concluded several agreements with commercial offices to not only permit us to prepare these documents, but to have them verified in front of a notary, indicating that we have established a given corporation. In such a case, a stock corporation comes into being as a result of a one-time notarial entry which contains the declaration that the Fund of National Property is depositing a given property with the newly established stock corporation.

[Satavova] However, from a legal standpoint, the mere signing of founders' lists does not bring into being any stock corporations as yet.

[Princ] Armed with these documents (that is to say, with the notarial entry, a signed founders' list, and approved statutes), the new board of directors departs for the Commercial Register, where it accomplishes recordation in the Commercial Register. At that moment, the stock corporation comes into being as a legal entity. It is recorded in the Commercial Register together with its property as listed in the approved actualized privatization project, that is to say, with property it held as of 31 December 1991. Following the moment a new legal entity comes into being, provided that the state enterprise in question simultaneously ceases to exist, the state

enterprise is obligated to render a final accounting and the founder definitively hands over to us the property of the state enterprise which becomes the basic worth of the stock corporation.

Here, certain differences can arise between the property which was registered at the time the stock corporation came into being and the actual property which is found to exist. However, the Fund of National Property makes sure that the holders of investment coupons are not shortchanged in any way with respect to the property being offered for coupon privatization.

[Satavova] Let us return once more to the statutes of the future stock corporations which, among others, even codify the authorities of boards of directors and oversight councils and their mutual relationships. Based on the fact that the proposals for the statutes were formulated, for the most part, by the processors of privatization projects themselves—that is to say, the current management of state enterprises, it can reasonably be anticipated that, in their proposals, they had a tendency to weaken the positions of oversight councils as representatives of the future owners and to strengthen their own position—in other words, the position of the board of directors. Was the fund, which is responsible for working out the statutes, informed of its own higher responsibility for the functioning and operation of the future stock corporations?

[Princ] As far as the model of the statutes is concerned, we adhered primarily to the valid Commercial Code which specifically identifies the tasks of the board of directors as well as the oversight council. I believe that the Commercial Code is based on the experiences of German law, to a certain extent, because the task of the oversight council, which exercises control over all activities of the stock corporation, including the board of directors, is contained in it. A question arises whether the first oversight council and the first board of directors will be actually constituted this way, because at the instant the fund becomes the sole owner and the sole stockholder the fund should actually have its representative on the oversight council—something which is not possible. That is why I think that the guiding organs would have to change after the property is handed over to new owners and following their general stockholders' meeting, which must be held immediately following the termination of each wave of coupon privatization.

[Satavova] What kind of information regarding the newly established stock corporations do the holders of investment coupons acquire and through what kind of channels?

[Princ] The Ministry for Privatization has an agreement with the Center for Coupon Privatization, according to which it will report all approved privatization projects to the center so that the center may establish a database in a computer. We shall be reporting the Fund of National Property through the computer center of the Ministry for

the Administration of National Property and Its Privatization to the Center for Coupon Privatization by providing identification numbers of newly created stock corporations and definitive appellations of stock corporations, including the overall volume of the basic worth, the number and type of securities which are intended for sale through coupon privatization. Through this means, we intend to top off the information which the Center for Coupon Privatization will have at its disposal for passing to holders of investment coupons.

[Satavova] Can you say what the latest status of the offerings for coupon privatization are and how large they are—in view of the virtual doubling of the number of registered holders of investment coupons over the original assumptions, but also in view of the complexity of the process involved in the legal establishment of new stock corporations—will you create reserves of property or will you increase the properties destined for coupon privatization over and above the promised Kcs173 billion in the Czech Republic?

[Princ] As of today (that is to say, 31 March 1992), approval has been given for approximately Kcs159 billion worth of property for coupon privatization in the Czech Republic. It is necessary to anticipate that not all stock corporations which are to be established on the basis of privatization projects by the fund will be able to successfully register in time for the initiation of coupon privatization. We may offer the securities of only those stock corporations which have not only been established by the fund, but which were also registered in the Commercial Register. In some cases, it is possible to anticipate that the courts, which are independent, will ascertain or will have its attention drawn to some facts as a result of which it may delay the registration of a stock corporation. I believe that even in regard to the number of registered individuals, there is a common interest in offering more property for coupon privatization.

Because the establishment of stock corporations will be ongoing continuously, it is not possible to determine the magnitude of the reserve which has been created, but it is dependent upon the deadline for initiating the first round of coupon privatization.

[Satavova] What could be a reason why the registration court might not register a stock corporation?

[Princ] If I leave off any possible formal shortcomings, it can happen, for example, that some one of the citizens may notify the court that his restitution claim had not been settled—in other words, that the property of the newly established stock corporation includes property to which the citizen feels he may have a claim as an authorized individual from the standpoint of the restitution law (for example, the law on agricultural land) and, despite the fact that he submitted his justified claim, the latter was not settled and is not taken account of in the privatization project. In such cases, the court is obligated to investigate whether the objection is valid.

[Satavova] Vaclav Klaus, federal minister of finance, declared 18 May to be the day for initiating coupon privatization. How do you as a fund, but also the registration courts, intend to come to grips with all the matters connected with the legal establishment of future stock corporations by that time?

[Princ] As soon as we start receiving the approved actualized privatization projects, the process of establishment will follow immediately. We placed the anticipated listing of newly established stock corporations, broken down by individual kraj, at the disposal of the commercial registers so that they might know which "portion" is the Czech portion. They also created certain conditions in this respect, that is to say, they strengthened their workplaces by the addition of specialists and various administrative workers who will assist during registration. We are concurrently also negotiating regarding these matters with the Supreme Court. Minister Jezek participated in a conference with representatives of all registration courts where we agreed on procedure and on those documents which we will be submitting to them. I believe that, from this standpoint, there should be no serious problems. Another matter is that the recordations will be accomplished throughout the month, but will not become effective until the first day of the following month.

If we want to establish the 700-800 enterprises which represent the reported Kcs173 billion worth of property for coupon privatization in the Czech Republic during the month of April, this means mastering an average of 30 establishment operations involving stock corporations every day and their subsequent recordation with the registration courts. Given the geographic dislocation of the registration courts, the greatest stress will be represented by the requirement for the fund to technically process those 700-800 notarial entries regarding the establishment of a stock corporation. We have the sample of the notarial entry deposited in the computer and we thus believe that we can successfully master the task. With respect to some courts, we have come to an agreement that copies of notarial decisions regarding the establishment of stock corporations will be handed over to them on diskette, something which will speed up the process.

[Satavova] How many employees of the fund will be supporting that bottleneck, that is to say, the processing of founders' lists of stock corporations?

[Princ] The Fund of National Property of the Czech Republic currently has approximately 51 employees. The largest number of them is concentrated in the realization unit; that is to say, they are not only engaged in establishing stock corporations, but are preparing auctions, public competitions, they are engaged in handing over property according to the restitution law, etc. We have an agreement regarding the coproduction of some employees who will check for completeness of the founders' lists, the statutes, and who will prepare even notarial entries.

[Satavova] Specifically, how will the fund implement its ownership rights in those corporations where part of the basic capital is to remain under its jurisdiction for a longer period of time?

[Princ] The fund has worked out a strategy which is influenced by the length of time any entrusted property is to be administered by the fund. We are starting out from the position that, after the securities are turned over to the stockholders on the basis of coupon privatization, the property participation by the fund will disappear; this is a short-term matter, where the fund must see to it that the corporation has all the necessary functions required for its effective functioning, following its recordation in the Commercial Register. In cases where the fund is left holding the securities of some corporations for a longer period of time, we would like to conclude an agreement with the appropriate ministries to exercise the rights of stockholders together with the fund. We are basing this on that which the law makes possible for us: The fund may entrust any physical or legal entity with executing this right in its behalf. In some cases, we shall clearly be turning to the banks which are quite familiar with the situation and with the conduct of the enterprises in the past and are able to use that information to draw conclusions as to whether the corporation will be conducting itself more economically under the new conditions and be more marketwise than was the case in previous periods. Understandably, it is possible that the fund will have to expand the number of its employees who will engage in this type of activity.

[Satavova] Until when will the fund be implementing these ownership rights?

[Princ] The task of the Fund of National Property is defined by law as the transfer of the property of the state to new entities. The property should be held only on a transitional basis. In some cases, let us say, in cases involving state monetary institutions or a number of projects approved in the area of agriculture, it is proposed that a portion of the securities—generally 20 to 30 percent—be retained in the Fund of National Property so as to permit future interestees in primary agricultural production to purchase securities in the processing industry to which the primary production is tied after the transformation of cooperatives is completed. We intend for these securities to be held by the fund in the majority of cases no longer than the end of 1994, with the proviso that after that year the fund can decide what it will do with the securities. It will no longer be obligated to hold them for primary production, but can place them on the market, sell them, or use them to pay off its obligations to the banks.

[Satavova] However, there are opinions which indicate that even in a market economy a portion of the property must continue to remain in the hands of the state. Who should administer this property if not the Fund of National Property? Or do you consider these opinions to be unrealistic?

[Princ] I believe that they are not unrealistic. However, if a project privatized in such a manner were to be approved, we must find someone who would represent the state in the stock corporation. I believe that this will not always be the Fund of National Property, but, for example, one of the ministries which should clearly transform itself in the future period into a ministry of a different character which actually manages a given sector or an entrusted area, rather than managing enterprises.

**Overview of Monetary Resources  
at the Disposal of the Fund of National Property  
as of 29 February 1992**  
**Large-Scale Privatization (in thousand Kcs)**

	1991	Jan-Feb 1992	Total
Proceeds based on transformation	1,753,346.8	7,298,109.4	9,051,456.2
Other revenue (interest, differences in rate of exchange)	30,698.6	28.2	30,726.8
<b>Total revenue</b>	<b>1,784,045.4</b>	<b>7,298,137.6</b>	<b>9,082,183.0</b>
Costs of creating privatization projects	5,938.7	582.1	6,520.8
Transfer of monetary resources from state budget to account of fund of national property administration	4,250.0	6,489.0	10,739.0
Banking fees	6.0	1.8	7.8
Funds deposited in restitution investment fund	—	99,000.0	99,000.0
Remaining expenditures	200.0	—	200.0
<b>Total expenditures</b>	<b>10,394.7</b>	<b>106,072.9</b>	<b>116,467.6</b>
<b>Final remainder</b>	<b>1,773,650.7</b>	<b>—</b>	<b>8,965,715.4</b>

**Hydrogeologist: Likely Damage From Gabcikovo Dam**

*92CH0571A Bratislava SZABAD UJSAG in Hungarian  
30 Apr 92 p 4*

[Letter by Gyorgy Toth, hydrogeologist at the Hungarian State Geological Institute, dated April 1992: "The Effects of Damming the Danube Upon Groundwater Resources"]

[Text] Forming a judgment of the environmental effects' extent depends not only on the structure built, but also on the environmental values it threatens. The commissioning of the Bos [Gabcikovo] dam would affect many significant environmental values. Some of them are familiar and require no further investigation: the historical sites, the landscape, and the native land that is home to many people. But we are able to judge other environmental values—for instance, the river's self-purification capacity, genetic values, the significance of the sources of drinking water or the importance of archeological finds—only on the basis of professional scientific surveys.

However, only the owners of the environmental values are entitled to judge them. That is what the Hungarian National Assembly did on 16 April 1991, when it passed a resolution listing the order of the considerations for restoration as follows:

- a. Preservation of the region's ecological natural values, especially the safeguarding of the sources of drinking water;
- b. Flood control; and
- c. Development of navigation adapted to the region's natural conditions.

Along the stretches of the Danube affected by the BNV [Bos and Nagymaros dams] one finds the most significant sources of drinking water both in Hungary and Slovakia. Here the Danube generally flows in the channel it carved for itself in its own gravelly sediment. Where the deposited and compacted gravel is of sufficient thickness, it becomes possible to draw Danube water from wells along the banks. The wells yield drinking water that requires little further treatment or none at all, thanks to the natural processes of filtration and self-purification taking place on the river bottom's surface. This so-called bank-filtered system offers concentrated water withdrawal at high yields.

Bank-filtered water from the area affected by the Bos and Nagymaros dams accounts for nearly 45 percent of Hungary's supply of drinking water. This is from where Budapest, among others, has been getting its supply of drinking water and industrial water (for more than 100 years). Bratislava's water supply, too, is based on a similar system.

A large part of the filtering process takes place in the river bottom's upper layer, merely a few centimeters thick. Therefore, it is of vital importance to maintain conditions that

preserve in its original state the layer that ensures this natural (biologically active) physiochemical filtration.

The filtering properties of the Danube's bed also determine the quantity and quality of the water stored in the several-hundred-meters-thick gravel talus of Csallokoz [Velky Zitny Ostrov] and Szigetkoz. The interference so far in conjunction with the system of dams has not affected these continuously replenishing groundwater resources. Thus, according to the results of detailed water-quality sampling and hydrogeochemical surveys, there still are stretches along the Danube suitable for future water withdrawal; their total length is about 40 km in Hungary and more than 70 km in Slovakia. That potential can ensure the sustained withdrawal of water of potable quality, at rates of roughly 1.0 million m<sup>3</sup>/day in Hungary—which equals the capital's present average daily water consumption—and more than 2.0 million m<sup>3</sup>/day in Slovakia.

It is difficult even to estimate in forints or korunas the value of the potential sources of water. In spite of this, experts in both countries have performed comparative computations and have come to the same final conclusion: If these sources of water were lost, the costs of substitute investments would be higher than the investment costs of the system of dams itself.

That system's operation would produce fundamental changes in the area of the Dunakiliti reservoir. The most serious problem would be created by the settling polluted sludge, with its anaerobic dynamics, mobilization of iron and manganese, and the infiltration of certain organic toxic substances and genotoxic bacterial metabolites. The sludge would also be a constant source of viral infection.

Initially, moreover, the irreversible harmful effects are difficult to detect. The harmful effects of Austria's Ottensheim-Wilhering hydroelectric power plant upon the groundwater in its vicinity became noticeable only five years after the power plant's commissioning. Because of the anaerobic conditions resulting from the temperature changes and the oxygen concentration's decline, to one-tenth as compared with the situation before damming, it was possible to solve the drinking-water problems of Linz only with the help of very costly procedures and by drilling new wells. Efforts to remedy the similar harmful effects of the Altenwörth hydroelectric power plant that has been in operation since 1976 have so far been unsuccessful.

Due to the peculiar hydrogeological conditions of Szigetkoz, the pollutants entering the groundwater will eventually—within a few decades—pollute the groundwater completely. Furthermore, the planned periodic dredging of the accumulating sludge will not only have an adverse effect on the quality of surface water, but will also destroy the filtering layer.

A so-called water-replenishing system is planned to compensate for the water table's drop along the Old Danube, downstream from the Dunakiliti dam. But by now we

know that such a system would be unable to serve its purpose; its operation—depending on the quality of injected the raw feedwater and on the state of the silted system of branches on the flood plain—would likewise pollute the groundwater resources.

The Danube's present dynamics must be maintained in order to preserve the riverbed's ability to break down organic substances and retain its filtering function. Without that, it is not possible to ensure simultaneously a favorable concentration of oxygen, the Danube's self-purification capacity, and the systematic renewal of the river bottom's surface that functions as a filter.

The findings of Hungarian researchers regarding groundwater resources are in agreement with the final report that Slovak experts issued in February 1990. Canada's Hydro-quebec, in its report commissioned by the Slovak government in the autumn of 1990, arrived at similar conclusions.

### Privatization: Recent Government Actions

#### Controversy Discussed

92CH0550A Budapest HETI VILAGGAZDASAG  
in Hungarian 18 Apr 92 pp 7-10

[Article by Pal Reti: "The State and Privatization; I Am the Business!"]

[Text] The privatization minister stops the most successful privatization program without any legal authorization, then, a week later, delivers the most determined government oratory "of all times" in support of accelerating privatization. In the background, parliament debates the government's "second generation" privatization package of three legislative proposals, uniformly viewed by both the ruling parties and the opposition as legislation that could determine the ownership profile of the Hungarian economy for decades to come.

It seems that, despite his intentions, former MDF [Hungarian Democratic Forum] chairman Zoltan Biro has stacked up significant merits in advancing privatization in Hungary, or, at least, in turning privatization into an ideological issue. At the MDF's weekend economic forum, Privatization Minister Tamas Szabo was more forceful in standing up against "middle-of-the-road" statements allegedly made by Biro at a National Democratic Alliance (NDSZ) meeting demanding an increase in the state's economic role, than against any other attack on the government's privatization strategy. Insofar as the radical "restructuring" of ownership is concerned, "the government must not permit itself to be cornered, even if the objections could be justified from an ethical standpoint," Szabo said. "For the government and the ruling party to espouse any watchword opposed to foreign capital would be tragic," he added disapprovingly, while quoting without attribution from a recent statement by fellow party member Gyula Zacsik, according to which "a year from now we may have to move out of the Carpathian basin, because we are no longer going to have anything to do with it, and we may start on our way

back to the Etelkoz [9th-century station stop of Hungarian migration], if privatization continues the way it did for the past two years."

Incidentally, in the course of his statement Szabo praised the economic policy of the previous system so highly that it may have set a precedent insofar as utterances by MDF government politicians are concerned. Today's Hungarian entrepreneurial stratum has its foundations in the household farming reform measure and the 1968 reforms, as well as in the shop-leasing system developed in 1980, the minister said. "Decapitating this elite would be as great a mistake as similar actions taken by the communists in the late 1940's."

While the MDF's chief ideologue found it necessary to thoroughly criticize statements by "new political groupings" outside of parliament supportive of state ownership, he devoted only one sentence to sweep away criticism expressed by the parliamentary opposition concerning the government's privatization package whose plenary debate began last week. He dismissed charges of creating a hotbed—in the form of the future stock corporation (AVRT [State Property Trust Corporation]) to manage long-term state property (HETI VILAGGAZDASAG 1 February 1992)—for a bewildering concentration [of economic power] and for a clientele [dedicated to the MDF] as politically motivated statements totally unrelated to the economy. "We much rather listen to the opinions of the EC and the World Bank which fully support the government's privatization package plan—with the latter providing a \$200 million loan to support that plan—than to the opposition," the minister said.

In last week's parliamentary debate even ruling party representatives felt a need for more "specificity" in certain rubbery rules of the legislative proposal which establish practically no conditions, and allow full discretion for the government to decide the share of present state property it wants to withhold from privatization in the long term. Moreover, these rules do not permit parliament to examine the affairs of the AVRT even to the extent that such insight is enabled by existing legislation into the affairs of the State Property Agency (AVU). The fact is that as of the effective date of this law, parliament surrenders once and for all—or at least until the law is in effect—all authority to interfere with, or control the privatization (or nonprivatization) of even the largest mammoth enterprises, such as the electrical works, the national oil company or the telecommunications enterprise.

"We are going to recommend to the government to forget about one of the three, already submitted legislative proposals on privatization, the one that provides for a stock corporation to deal with assets remaining under state ownership in the long term," according to SZDSZ [Alliance of Free Democrats] faction leader Marton Tardos. Tardos, who was first in Hungary to suggest the idea of property management holding corporations vis-a-vis classic "party state" property in the early 1970's, believes that at present there is no need at all for a peak state organization which, as the owner, is capable of exercising more control over the

independence of state enterprises than the chief authorities of the state. Instead of having such an organization, the SZDSZ is going to recommend the establishment of an institution representing the treasury and subordinate to the Finance Ministry, with authority limited exclusively to the sanctioning of situations in which the state's assets are being consumed. This organization would not be able to interfere with the direction and operation of enterprises and with the selection of enterprise managers. The latter authority would continue to remain with enterprise councils. The free democrats are also opposed to the mandatory conversion of enterprises into corporations, as that is provided for in the government's legislative proposal. "Enterprises are being converted quite rapidly on their own, the coercing force of this law would only act to conserve the present structure, and would render the rational decentralization of enterprises more difficult," according to Tardos.

At the MDF forum last weekend, Tamas Szabo made reference to the government's sincere intentions to privatize, in contrast to those who talk about "new power concentration" relative to the AVRT. Szabo said that he could "count on his two hands" the number of firms that would remain under 100-percent state ownership. But supposedly, this "guarantee" served to reassure only those who have not been concerned thus far with the excessive economic power of the state. As, for instance, a few ruling party representatives, who claim that "privatization is not an end, but a means to increase the country's competitiveness," as stated by Zoltan Bogardi at the weekend MDF conference in a manner reminiscent of reform communist arguments propounded in the late 1980's, or who assert that "we should not make a fetish out of ownership conditions," as Ferenc Vona (MDF) asserted in last week's parliamentary debate.

Tamas Szabo, on the other hand, was speaking of a "breakthrough" in the direction of a private economy, even though his determined statements were somewhat clouded by his action the week before, when he temporarily halted the so-called self-privatization process which he, himself advocated before. For now, experts do not see clearly regarding the existence of a presently valid legal basis the minister responsible for privatization could have used to overrule the AVU board's decision, at a time when this authority may be granted to him only as part of the "second generation" of privatization laws now pending before parliament. HETI VILAGGAZDASAG was informed that this action involved "only" a few weeks of delay. During this time, contractual rules, based on which designated advisers could practically perform privatization on behalf of AVU, would be tightened; in addition to advisers, enterprise management bodies would also be offered opportunities to organize self-privatization of their enterprises, and supposedly, the list of expert firms adopted last fall would also be reviewed.

Responding to a question MDF Representative Istvan Balas told HETI VILAGGAZDASAG that the above action was taken in response to an initiative by the Monopoly Group; he added, however, that in the Monopoly Group's view the institution of self-privatization was indeed "unsettled." Moreover, the goals

of the entire privatization process must "once again be thought through," and for this reason Balas supports an MSZP [Hungarian Socialist Party] proposal to the effect that the House deal with privatization in two turns, discussing principles first, then techniques. In any event, the Monopoly Group is introducing its own amendments in the meantime, including one that differs from the government proposal inasmuch as it requires the abolition of value limits presently in force, below which enterprises can sell parts of their assets without receiving permission from AVU. Representatives from the Monopoly Group claim that the acceleration of privatization is not a matter of governmental intent, the process is slowing down anyway due to a lack of demand. "One has to count on the possibility that weak firms remain under state ownership for decades, due to a lack of buyers," Balas said. And if one cannot sell, "we might have to move in the direction of free distribution," he added.

As of recently, both ruling party and opposition experts have made references to public opinion poll results which show that while a decisive majority of Hungarians support the idea of a market economy and regard themselves as advocates of private property, more than 50 percent of the people believe that "privatization plays assets into the hands of clever [manipulators], and thus amounts to no more than an unjustified method for establishing varying income levels." For this reason, observers do not rule out the possibility that the strategy that is taking shape ever since ruling party "chief privatizer" Tamas Szabo has stepped on the stage, is going to continue. Based on this strategy, radical privatization must take place in principle, at the level of political programs, because "we have fought for" a market economy based on private property after all, while at the practical level the situation remains unchanged, insofar as a struggle against squandering property appears to be politically profitable.

**AVU Data on the Already Privatized Part  
of State Assets Estimated To Be Worth  
2,000 Billion Forints,  
1990 to 31 March 1992 (in billions of forints)**

<i>Privatization Revenues (55.27 billion forints)</i>	
In forints	15.53
In foreign exchange	39.74
<i>Use of Privatization Revenues</i>	
Cost of privatization	2.11
Transferred to state budget	6.55
Repayment of state debt	42.73
Other	3.88
<i>Distribution of ownership of enterprises converted into corporations</i>	
AVU	366.37
Foreign	33.9
Local government	13.59
Other Hungarian	10.61

**'Invisible Privatization'**

*92CH0550B Budapest HETI VILAGGAZDASAG  
in Hungarian 18 Apr 92 p 10*

[Article by Laszlo Kallay: "Invisible Privatization"]

[Text] Could it be that the legislature and the government have fallen into the trap of regulatory illusion regarding privatization, i.e., that they create laws and decrees in order to direct the process, while techniques to evade even the increasingly stringent rules have already evolved a long time ago?

Some 200 state-owned businesses organizations have been sold thus far in the course of "official" privatization, and buyers paid almost 50 billion forints to the AVU [State Property Agency] in exchange for these. According to data provided by the AVU, Hungarian private investors purchased 15 percent of the privatized property, and privatization loans supposed to help these investors to acquire property also remain at negligible levels.

This, however, is only part—probably the smaller part—of privatization. "Informal privatization" based on traditions established in the days of the planned economy, but, by now, far exceeding those, has also evolved. The essence of "informal privatization" is that this process also transfers state property into private hands by selling enterprises as a whole or in part, but not through the AVU.

Techniques vary greatly. The most frequent technique is a simple commercial transaction between private and state enterprises, in which conditions are far more favorable from the standpoint of the private firm. True, in such instances "only" the income flows from the state sphere to the private sphere, but in reality, in the long term, these transactions also represent a regrouping of assets. A significant number of the 45,000 business companies operating as legal entities and formed prior to early 1992 have been established on the basis of well-founded hopes of advantageous business deals to be transacted with the state sphere. Quite often, state enterprises sell parts of their assets, valued below the level subject to reporting to AVU, possibly at terms favorable to private enterprises, and this, too, reduces the volume of state assets in the absence of formal privatization.

Even according to most conservative estimates, the worth of assets sold by state enterprises is at least as high as the 50 billion forints derived from official privatization; this means that the participation of Hungarian private capital in privatization has taken place decisively in this form. Another basic method for informal privatization is to separate nonfinancial services from a state enterprise without performing any direct business transaction. It should be apparent that some commercial, foreign trade, business services or data processing enterprises could be established without any major investment, based on expertise and connections in the market-place, and without privatizing material assets. Most

certainly, many of the more than 6,600 new entrepreneurial ventures, employing fewer than 21 persons and engaged in foreign trade and in business service provisions, have come about this way, as a result of privatizing intellectual capital and market connections. These ventures most likely continue to be closely tied to the state sector. And finally, among the refined and frequently mutually intertwined methods, depressing the worth of enterprises prior to privatization plays an increasingly important role; this places the buyer into a better bargaining position and thus, in the course of the sale, part of the assets are actually "privatized" informally.

Expanding the eligibility criteria for privatization loans to include the companies of private persons, and organizations participating in the Employee Shareholder Program, as well as abolishing the upper limits for loans, will increase demand for state property subject to privatization. But demand is not increasing for the time being. Domestic capital is invested primarily to purchase small organizational units, thus, it is of no help that 1,800 state enterprises are listed for sale, while practice for severing and separately privatizing small parts of enterprises, and the related techniques are missing. In this regard the situation has become worse since last year, because Law No. 22 of 1990 expired as of 31 December. The provisions of this law provided an opportunity to appeal for units of business organizations which wanted to become independent spontaneously (HETI VILAGGAZDASAG 30 March 1991). Following the forced transformation of state enterprises, decisions to separate parts of enterprises must be made under AVU's authority, but this organization can hardly be expected to fiddle around with such minor things. Thus, hopes no longer exist for continuing cases in which parts of enterprises are to be severed, nor are there conditions for starting new processes of this kind. Quite naturally, there remains an opportunity for those who wish to sever themselves from an enterprise and become independent: to further refine the technique of informal privatization.

**Demand for Media Frequencies Outstrips Supply**

*92CH0532B Budapest NEPSZABADSAG in Hungarian  
14 Apr 92 p 4*

[Article by Gy.V.: "Waiting for the Media Law; More Applicants Than Frequencies"]

[Text] (From our correspondent) According to the latest data of the Institute of Frequency Management from 7 April, so far 230 applications were received for frequencies to broadcast national, regional, or local radio and television programs, as our correspondent was informed by Istvan Hazai, chief director of the Institute. At the time they placed an application, the majority of applicants planned to broadcast a regional or national program. After the media law is passed, however, they will also need to submit a bid for available frequencies.

The regulations concerning the protection of personal rights make it unlawful to publish the names of applicants who did not expressly agree to the publication of their names (this will change after the media law is passed). For this reason, the lists published so far contain many gaps. Reliable information has it that so far there were only 24 applications for broadcasting a national program, 14 for television and 15 for radio programs. Regional television broadcasts were contemplated by 61 applicants, regional radio broadcasts by 89.

These data are not final. It is possible that not every application will be renewed in the course of the invitation for bids after the media law has been passed. This is also suggested by the fact that less than half of the registered applicants responded to the latest questionnaire sent out by the Institute of Frequency Management. Of course, new applicants may also crop up.

The applicants cannot rely on easy victory, partially because of the scarcity of frequencies. At the moment, besides those used by the public service stations, there are no frequencies available for other national television programs to be broadcast from ground facilities. On the other hand, satellite transmissions can be received by only a portion of the public. In radio broadcasting, the possibilities are somewhat more favorable: There is room for two full national programs on FM. According to Istvan Hazai, the biggest problem will still be satisfying regional demand; local broadcasting can be solved relatively easily.

The invitation for broadcasting bids and their evaluation will also take a long time. If the media law is passed in the fall at the latest, the first broadcasts can be expected in a year or a year and a half.

#### **Grain Export Guarantee Controversy Discussed**

*92CH0547C Budapest HETI VILAGGAZDASAG  
in Hungarian 18 Apr 92 pp 81-83*

[Article by Peter Felix: "Grain Export Subsidies: The Bottomless Sack"]

[Text] Back in July 1991 the government decided to provide guarantees to exporters of anticipated huge stockpiles of wheat, in case the Soviet buyer did not pay. Most experts believe by now that one has to prepare himself for the worst.

Last July, the government did not have many choices insofar as wheat was concerned. Producer forecasts promised a record-setting crop—a prediction that subsequently has failed to materialize—and interest groups rang alarm bells: The agricultural branch would collapse if producers got stuck with the grain. Merchants claimed that the ability of the Soviets to pay equaled zero, and thus no one would risk selling to them. For these reasons, Finance Minister Mihaly Kupa asked the Agrimpex Foreign Trading Corporation and Grain Corporation, also engaged in exporting wheat, to look around and see what could be done.

Shortly thereafter, Daniel Lacfi, the president of Grain Corporation, took a trip to the Soviet Union, and he produced a complete package plan soon after his return. He said that he was looking for a third country intermediary willing to pay cash to Hungarians shippers, one that would advance the purchase price to the Soviet Union. According to Lacfi, from among the multinational western firms which specialize in grain exports and which could be considered—Cargill, Dreyfus, Toepfer, Richco and Finagrain—only the latter seemed to be willing to take part in such a transaction, and only if the Hungarian Government guarantees the guarantee provided by the Soviet Vnyesekonombank. According to Grain Corporation, the finance minister supported the plan, moreover, on 5 July the Hungarian National Bank [MNB] also gave its blessings. Based on this, Grain Corporation would have exported 600,000 tons of wheat to the Soviet Union with the multinational Finagrain acting as an intermediary, while Finagrain would have paid the agreed upon purchase price against presentation of shipping documents from loans it acquired.

The situation quickly changed thereafter. The MNB stopped everything a few days after indicating its concurrence, and advanced an entirely new, already finalized version of the deal shortly thereafter, according to Grain Corporation. The guarantee promised for the exportation of wheat was not given to Finagrain, but to a consortium organized by the Budapest-based Central European International Bank (CIB). This left Finagrain with the function of acting as a commission agent. According to CIB Chairman and President Gyorgy Zdeborszky, every Hungarian bank was aware of this government guarantee, yet no bank, except the CIB and the Hungarian Foreign Trade Bank, announced an intent to participate. Grain Corporation, the organizer of the entire transaction, experienced the most embarrassing surprise: Instead of exporting the originally promised 600,000 tons of grain, it was allowed to deliver a mere 250,000 tons, while Agrimpex—which knew nothing about this transaction according to Grain Corporation—also delivered an identical volume as part of this government guaranteed transaction, also with the involvement of Finagrain.

From a state budgetary standpoint it makes no difference how large a share of a government-guaranteed export transaction individual Hungarian merchants acquire for themselves. But the role played by Finagrain is by far not a side issue. To start out with, there is no real explanation even for the basic situation: Why was it necessary to involve this giant firm at a time when both Grain Corporation and Agrimpex have, for decades, jointly administered grain export transactions with the Soviet Union in excess of 1 million tons, and when relationships between Exportleb Foreign Trade Enterprise—the customer—and the two firms, were very good? In this transaction the exporter received the largest share of the profits, and one cannot really understand why the two Hungarian foreign trading companies yielded that share of profits to Finagrain, particularly after credit financing for the entire wheat export transaction was provided by CIB. In addition to export

administration—within the competence of Hungarian foreign traders, Finagrain's role has been limited to the acceptance of certain risks stemming from variations in interest rates. Generally, the Soviets enter into credit financing agreements for their commodity purchases only on the basis of fixed interest rates. The situation was the same in this instance: The CIB granted credit to Finagrain for a year and a half on condition that Finagrain agreed to assume potential losses stemming from differences between fixed and variable interest rates, while Finagrain provided credit to Exportheleb for the same period.

Daniel Lacfi claims that several reasons support the inclusion of Finagrain in this transaction. In part, they had valid export delivery contracts with Finagrain at the time the entire structure of the transaction was changed, and Finagrain had similar agreements with the Russians that they were unable to cancel. The other aspect of the matter is that Hungarian traders would not have been able to obtain a price—\$88.90 per ton—as favorable as the price offered by Finagrain. This is a very distressing self-critique, particularly because in the end the Soviets paid a far more favorable price to Finagrain, one that includes the fixed interest rate for one and a half years, but one that is still well over the price paid to the Hungarian seller, according to Agrimpex Division Chief Gyorgy Lovasz. The arguments presented by Agrimpex were peculiar: They needed Finagrain "in the interest of the country," they claimed, and Agrimpex and Grain Corporation executives unanimously asserted that a multinational corporation like Finagrain, which annually delivers 10 million tons of wheat among other commodities to the Soviet Union, has a much better chance of actually collecting the price of grain.

In any event, the bottom line in this case is that Finagrain completed this transaction in the course of a few months and pocketed several million dollars while, from a practical standpoint, exposing itself to minimum risks. CIB must not complain either, because the banking consortium organized by that bank acquired the world's most secure credit transaction: The Hungarian state would pay if the Soviet bank guarantee failed. "The size of profits we will be making on this transaction is no business of the public, but it should be obvious that the deal must have been good as long as we agreed to it," President Gyorgy Zdeborszky said in a reserved tone of voice. Quite obviously, producers also benefitted by finding a market for their commodities. Only Grain Corporation's joy is clouded; as it turned out they were laboring for a mere 1-percent commission. This is a rather modest catch, according to them.

Despite the complaints, and the more or less understandable secrecy, it is highly likely that the budget—and thus, indirectly, the taxpayers—is the sole loser. Banking and foreign trade professionals—not willing to give their names—unanimously claim that the Hungarian Government might as well write off the \$110 million, or roughly 9 billion forints, it guaranteed because Exportheleb signed the agreement as the importer for the entire Soviet Union, and Vnyesekonombank, the guarantor, was also regarded as acting on behalf of the entire Soviet Union. Since then, these

two institutions have come under Russian authority, and it would be difficult to retrospectively trace the exported Hungarian wheat, because it has been shipped to a number of successor states. In any event, \$97 million worth of Hungarian wheat and wheat flour has been shipped thus far in the framework of the government-guaranteed transaction to the territory of the former Soviet Union, and there is little doubt that the parties involved are intent on using even the last penny of the available funds.

The government is not overly optimistic either: A recent interview with Ministry of Agriculture State Secretary Gyorgy Rasko, a person competent in this field, clearly revealed that in his view, the 9 billion forints would have to be paid from budgeted state funds. He added: The government has chosen this not exactly fortunate structure despite Ministry of Agriculture objections, simply because it was unable to resist pressure exerted by interest groups. On the other hand, officials at Grain Corporation and Agrimpex were rather surprised to learn that the state secretary presented himself as having been opposed to the government guarantee. Daniel Lacfi made an outright statement: "I do not want to be on bad terms with the ministry, but it is certain that in those days Mr. Rasko personally supported the idea of issuing a guarantee."

#### **Sasad Cooperative Holds General Meeting**

92CH0547B Budapest HETI VILAGGAZDASAG  
in Hungarian 11 Apr 92 p 18

[Unattributed article: "Sasad General Meeting"]

[Text] Sasad, the stock corporation that recently became an agricultural producer cooperative—against the membership's will—under a Supreme Court-ordered reverse transformation, held its general meeting on Monday. The original agenda included last year's financial report, the designation of land to be used for compensation, and the adoption of principles for conveying deeds to assets. The general atmosphere of the meeting was predetermined by ongoing political attacks, however. MDF [Hungarian Democratic Forum] Vice Chairman Istvan Csurka, while agitating on the radio against the transformation of agricultural producer cooperatives, called the Sasad leadership "robbers"; even before that, some unsigned pamphlets placed in certain members' mailboxes urged the dismissal of the leadership and a calling to account for "excessive representation." The membership, on the other hand, approved the person of the cooperative president as well as the leadership by a margin of 99.7 percent. Sasad's value of production amounted to 2.6 billion forints last year and profits exceeded 334 million forints, but this was accomplished while Sasad functioned as a stock corporation and the cooperative's general meeting was not authorized to approve the financial statement and dividends to be paid to stockholders. Another general meeting of the cooperative will be held on 30 April to deal with the conveyance of deeds because the previously indivisible property must also be distributed, and because a broader group of people may participate in the sharing, according to the new laws.

## Comprehensive Look at Polish-Lithuanian Relations

### Historic Facts, Statistics

92EP0376A Warsaw *RZECZPOSPOLITA* in Polish  
11-12 Apr 92 p 8

[Unattributed article]

#### The World

[Text] One thousand kilometers of common boundary. One active road crossing. Four hundred and twelve years as a union of states and 20 years of being hostile neighbors. Joint cultural roots and disputes about the "nationality" of the largest creators of this culture. For a couple of months, Polish-Lithuanian relations have been like a bad comedy of errors. Both sides are declaring their goodwill and best intentions and yet mutual relations continue to be strained or, at best, cool. It is mostly the question of the rights of the Polish minority in Lithuania that divides both states. Both the Poles and the Lithuanians have made many mistakes in this matter. Will the minority question, therefore, poison the relations between the states in the years to come?

#### The Lithuanian Republic

Area: 65,200 sq km.

Population: 3,750,000.

Administrative division: 44 regions.

Largest cities: Vilnius (600,000), Kaunas (430,000), Klaipeda (200,000), Slavlia (100,000).

Borders with: Russian Federation (approx. 300 km), Latvia (600 km), Byelarus (200 km), and Poland (100 km).

Seaport in Klaipeda and international airport in Vilnius and Kaunas.

It is a constitutional republic. The highest organ of authority is the Supreme Council (SC) (141 deputies). The chairman of the SC fulfills the function of head of state. The SC was elected in February 1990 for five years.

The system of authority, both self-government as well as chief, is being reorganized. A referendum on the question of introducing a presidential system is anticipated for May.

Approximately 40,000 soldiers of the former USSR, including 8,000 officers, are stationed in Lithuania. The Lithuanian authorities are trying to have them withdrawn from Lithuania as quickly as possible.

At present there are several parties and political groupings in Lithuania, which derive mainly from the Sajudis movement. The most important of them are the following parties: Social-Democratic, Christian-Democratic, Liberal Union, Party of National Progress, and others. The communists have also retained a large influence (Democratic Labor Party).

The main political conflict is the dispute about the Presidency. The opposition, both postcommunist as well as rightist, is striving to limit the powers of the president. It is estimated that at the present time, Vytautas Landsbergis has the support of one-third of the parliament.

There is a Polish faction in the SC which now consists of eight deputies.

The main Polish-Lithuanian conflict now concerns the question of elections to regional councils in the Vilnius suburbs region and the Solecznik region. The Lithuanian side has postponed the date of these elections many times and recently scheduled them for this fall, without fixing a specific date.

#### Calendar of Conflict

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11-12 Apr 92 p 8

[Article by Maja Narbut: "The Poles in Lithuania—Calendar of Events"]

[Text] **29 January 1991**—The Lithuanian parliament approves amendments (favorable to Poles) to the law on national minorities. For the first time, the Polish language has been deemed to have equal rights with the Lithuanian language in areas in which minorities constitute a "large concentration." A resolution was also passed on creating a Vilnius district from the Solecznik and Vilnius regions inhabited mostly by Poles. The statute of this territorial entity was to have been prepared by 31 March. To date, it has not been prepared. The Poles in Lithuania maintained that the parliament's resolutions were a politically motivated move, prompted by the approaching Lithuanian referendum.

**9 February 1991**—Lithuanian referendum which was to show support for the independence idea. Percentage of voters, 84—for independence, 90 percent. In the Solecznik region, where Poles make up the majority, voting attendance was 32 percent; for independence, 64 percent.

**17 March 1991**—All-Soviet referendum on the future of the USSR. Lithuanians boycott the referendum. The boycott was broken by the Solecznik and Vilnius regional councils (excluding Vilnius), which passed a resolution on participation in the referendum. Voting attendance here was 76 percent.

**22 May 1991**—Congress of Polish deputies from the Vilnius Lands. Despite Landsbergis' appeals, the deputies approved the statute of the Polish Nationalities-Territorial Country.

**19 August 1991**—Unsuccessful attempt at coup d'état in USSR. Some Polish activists in Lithuania, primarily in Solecznik, supported the coup d'état.

**3 September 1991**—At the initiative of the Polish faction in the Lithuanian parliament, the Solecznik council

removes its chairman for supporting the coup'detat and annuls all decisions which conflict with Lithuanian law.

**4 September 1991**—The Lithuanian parliament dissolves the Solecznik and Vilnius councils. A board of commissioners was appointed to serve six months, after which a date was to have been set for elections.

**5 September 1991**—Restoration of diplomatic relations between Poland and Lithuania.

**10 September 1991**—Poles begin protest in front of the parliament building and demand that the decision to dissolve self-governments be suspended.

**12 September 1991**—A Lithuanian parliamentary commission is formed to study the "anticonstitutional" activity of the dissolved councils.

**14 September 1991**—A fiasco of negotiations conducted in Vilnius by a delegation from the Polish Ministry of Foreign Affairs on a Polish-Lithuanian declaration of mutual relations. The Lithuanian side opposed the provision about "abstaining from actions aimed at changing the nationalities structure" and the provision pertaining to the right to use names as they sounded originally. Nor was an agreement reached on the right to higher schooling in the mother tongue or on the acceptance of Lithuanian citizenship by Poles living in Lithuania without the submission of a declaration of loyalty, which all inhabitants of Lithuania were to sign.

**16 September 1991**—During a short visit by President Landsbergis in Warsaw, where he stopped on the way to New York, the president of Poland, Lech Walesa, gives him a letter expressing concern about the situation of the Poles in Lithuania.

**3 October 1991**—Inauguration of a preparation course for the Polish University in Vilnius. The Polish University functions semiofficially and is not yet registered. Attempts to have it registered have been underway since the spring of 1991.

**28 October 1991**—After meeting with the minister of foreign affairs for Lithuania, Algirdas Saudargas, Minister Krzysztof Skubiszewski confirmed that he would like to visit Lithuania after 3 November.

**3 November 1991**—In Lithuania the deadline for accepting Lithuanian citizenship passed. The condition for this citizenship was the signing of a declaration of loyalty, which all inhabitants of Lithuania were to sign, which met with the criticism of the Polish Ministry of Foreign Affairs and the Polish press. The majority of Poles in Lithuania—despite initial reservations—accepted the citizenship. Lack of citizenship would mean being passed over during privatization.

**19 December 1991**—Minister Skubiszewski announced that "the atmosphere is not good" for making the visit to Lithuania, which had been announced some time ago. The cause of Polish-Lithuanian tensions was primarily

the failure to designate a date for elections to the Solecznik and Vilnius councils.

**5 January 1992**—A Polish-Lithuanian declaration on friendly relations and good-neighbor cooperation was initiated.

**12-14 January 1992**—The visit of Minister Krzysztof Skubiszewski in Vilnius. The signing of a Polish-Lithuanian declaration. Several Lithuanian deputies and one of the Lithuanian deputy ministers of foreign affairs protested against the signing of the declaration.

**3 February 1992**—The annual report of the U.S. Department of State on observance of civil rights in the world calls attention to the "alarming situation of the Polish national minority in Lithuania."

**10 March 1992**—The press revealed that an order from the Lithuanian Ministry of Education was sent to Polish schools in the Vilnius Lands forbidding them to use "books published abroad." They are to be withdrawn after 1 April. This refers primarily to history and Polish literature textbooks. The Polish Ministry of Foreign Affairs expressed its alarm about the decision.

**19 March 1992**—The Lithuanian parliament, in a first reading, passed a resolution that the date for elections to the dissolved councils in the Vilnius and Solecznik regions will not be set until after 12 September, i.e., after a year's period of administrative management.

**20 March 1992**—"The cooling of Polish-Lithuanian relations is a fact," said director Jacek Czaputowicz of the Ministry of Foreign Affairs. The ministry suggested that the direct result of this cooling will be the postponement of work on a Polish-Lithuanian treaty and on a new border agreement, which the Lithuanians were striving for.

**24 March 1992**—The Lithuanian parliament ultimately decided that the administrative management in the Vilnius and Solecznik regions will be extended to 12 September. After this date the commission will decide whether a date for elections can be designated. If the Poles are not "politically mature," the administrative management can again be extended.

#### Polish Minority Issue Disputed

92EP0376C Warsaw *RZECZPOSPOLITA* in Polish  
11-12 Apr 92 p 8

[Article by Jerzy Marek Nowakowski: "A Knotty Problem"]

[Text] Recently published public opinion polls indicate that Lithuania is perceived as the only one of our neighbors over whom Poland has military and economic superiority. At the same time, our interstate relations with Lithuania leave much to be desired. Frictions still dominate our substantive work. Could it be, then, that Poland has aggressive intentions towards Lithuania? Not at all. The worsening of relations occurs rather from the Lithuanian initiative. An objective observer would find

it very difficult to grasp what the Polish-Lithuanian disputes are all about. The ghosts of Pilsudski, Zeligowski, and sometimes even Jagiello are pulled out of the pages of history and dominate the present relations.

The unhealthy character of mutual grievances was noticed during the recent visit of Polish members of parliament in Lithuania (29-30 March). During a meeting of the foreign affairs commissions of the parliaments of both states, naturally the situation of the Polish minority in Lithuania dominated. Not because either side relentlessly pressed for a detailed discussion.

In the program proposed by the Lithuanians, the minority questions were at the very end. But it turned out that in the discussion pertaining to international affairs, the positions were so close that there really was not much to talk about, and naturally talking about obvious things is a waste of time. But above all—and this is the crux of the matter—if the minority problems are not settled in a civilized way, it is hard to talk about any kind of far-reaching forms of collaboration between Poland and Lithuania. The Polish side must account to its own society for the actions it takes to protect the rights of the inhabitants of Lithuania who are of Polish descent. After all, diplomatic cooperation is not an isolated field of life but is an expression of the totality of state policy.

### **The Problem of the Polish Minority**

The problem of the Polish minority in Lithuania seems to be difficult, if not impossible, to solve unequivocally. As we know, a Polish community numbering about 300,000 people densely inhabits the Vilnius area in two regions (a counterpart to the voivodship), Vilnius suburbs and Solecznik, constituting a clear majority. In addition, approximately 100,000 Poles live in Vilnius proper (6-7 percent of the city's inhabitants) and in certain gminas of the Troki and Swieciane regions.

Of the nationality groups living in Lithuania, Poles comprise one-third as to numbers, after Lithuanians and Russians. They are also the group with the lowest education and financial status. Since 1989, they have their own political organizations in Lithuania. The most important of them is the Union of Poles in Lithuania, made up of most of the active representatives of the minority and almost all of its elite. There are also the Foundation for Polish Culture, the Polish Mother-Country School, and many other groups of the scientific and medical society type. There are several Polish-language newspapers in Vilnius: KURIER WILENSKI (the former Czerwony Sztandar), ZNAD WILLI, MAGAZYN WILENSKI, and NASZA GAZETA. The Polish University is in the organizing phase.

All of these initiatives arouse concern on the part of Lithuania. Which may appear to be strange and is difficult to explain without referring to history.

### **Recalling History**

The national and state consciousness of the inhabitants of free Lithuania during the interwar period was shaped in opposition to Polishness and in deep aversion to the Polish state. The taking of Vilnius by General Zeligowski's units was presented as Polish occupation. Inter-governmental relations during the entire interwar period practically did not exist. Those are known facts. But it should be remembered that today's Lithuania has no other tradition to call upon except the tradition of the interwar period. Thus, in a natural way, the old anti-Polonism of Lithuania during the Kaunas period returns.

Today's resentments add to these tendencies. The fact that a considerable number of the leaders of the Polish minority took a position against Lithuanian independence during 1990 and 1991 has not been forgotten. Designs for autonomy in the Vilnius lands, which even under normal conditions of a stable statehood would have been difficult to accept, during a time of political and military pressure by the Soviet Union, were regarded as an attempt to break up the Lithuanian state. The blow was aimed in an exceptionally painful place. The loss of Vilnius was regarded as a national tragedy. Therefore, the threat to territorial integrity coming precisely from the Vilnius lands, was received with extreme gravity, even with antipathy.

To this have to be added the insane ideas of certain Polish activists, ideas such as the creation of a "Polish-Soviet republic," or a Polish college for Poles from the entire Soviet Union. Two Lithuanian antipathies, anti-Polish and anti-Russian, converged suddenly at one point.

But on the other side they collided with the explosive mixture of inferiority and superiority complexes. The Poles from Lithuania, for the most part kolkhozniks and workers, felt inferior to the Lithuanians, who were most often more affluent and better educated, and if they appeared in the Vilnius areas, it was in leadership positions. And at the same time, they had a deeply ingrained belief that in the Vilnius lands it is they who "belong" there. In addition, these Poles were reluctant to learn the difficult Lithuanian language and in their daily life used Russian, the lingua franca of the entire imperium. They were afraid of Lithuanian independence, suspecting that Moscow's protection will no longer be available, that they will be forced to submit to the domination of the disliked Lithuanians.

### **The Policy of the Polish State**

This historical, social, and political coincidence of events meant that after Lithuania recovered independence, relations between the Lithuanians and the Polish minorities took a bad turn. Added to this was the unfortunate policy of the Polish state. Poland's procrastination in recognizing Lithuania's declaration of independence, the overbearing attitude and arrogance so often demonstrated by our tourists, and the mass buy-up

of goods by Polish dealer... as a matter of fact it would be hard to find a mistake that we did not commit during that time.

It is a paradox that all of this took place in an atmosphere of sympathy in regards to Lithuania's striving for independence. Most of the Polish press was in favor of Lithuanian independence. Our deputies and senators were often at the Lithuanian parliament, into which (during the Soviet pressure) not even one soul from the West ever threw a glance. Poland cautiously tried to help Lithuania on the international arena. Even our "borderland" associations revealed a certain sympathy (although underlaid with paternalism) for Lithuania. But in addition to friendliness, all of these gestures aroused a kind of suspicion in Lithuania. Demands that the existing boundaries be confirmed constantly appeared on the Vilnius side. Announcements by the Polish Government and parliament were received in accordance with Andrzej Zamoyski's old maxim: "More was demanded."

That fact that in Poland all kinds of associations of lovers of Vilnius, Lithuania, etc., existed, was deeply disturbing. Commentaries appearing on the eastern side of the Niemen sounded almost as alarming as the commentaries of the Polish press on the activities of the associations of compatriots in Germany during the Gomulka era.

The situation changed after Lithuania's independence was legally recognized by most countries, after the collapse of the Moscow coup d'etat. The support of the Polish state was no longer as necessary as it had been a few months earlier. The Lithuanian state obtained real, not just declared, independence, and Poland was late with its recognition of this independence. To this we should add the unfriendly, to Lithuania, declarations of some Polish activists and the problem of Polish autonomy on Vilnius Lands. Finally, a very important factor—the collapse of the economy.

A real enemy of Lithuanian independence existed in the form of communized activists. Finally what was needed was an imaginary enemy, one which would distract public attention from the economic difficulties. The Poles guaranteed all of these elements. An anti-Polish campaign began in part of the Lithuanian press.

On the western side of the Niemen this campaign met with a very strong response. But now Lithuania declared itself a normal and "European" state and had everything necessary to become one. If that is the case, it should adapt itself to European standards.

#### Too Little Goodwill

Meanwhile, the (forming) political class of the Lithuanian state is suffering from all of the illnesses typical for a postcommunist era, and in the end, the Poles, too, are also affected by these illnesses. They are: statism and nationalism, xenophobia, an exaggerated sense of one's worth, etc. To adapt to the standards established by

affluent and stable Western countries is, under such conditions, extremely difficult.

In short, it seems that the matter of the Polish minority in Lithuania is not soluble at this time. There is a lack of sufficient goodwill on both sides. By mid-May, i.e., by the date of the presidential referendum in Lithuania, no steps of any kind for reconciliation can be expected from Lithuania. Because anti-Polish attitudes have been aroused in the Lithuanian society, none of the significant political forces will take the risk of going against the current of public opinion at a time when deciding elections are taking place. And counting on this is simply naive. On the contrary, more steps of an anti-Polish character can be expected.

As a matter of fact, all that can be done is to signal the Lithuanians that the limits of the patience of the Polish society and the state authorities have about been reached. But these signals cannot be sent in too sharp a form because then the political forces in Lithuania which were betting that the nationalistic moods will win out, will immediately amplify such Polish voices, saying that Poland is interfering in the internal matters of independent Lithuania.

Of course, Poland as a neighboring state, much larger and with more resources, through which run Lithuania's main transit routes to the West, is able to exert great pressure and make countercharges. But to do so at the present time would be proof of political shortsightedness, because talks with Lithuanian politicians show that our countries have similar interests and preferences in the field of international policy. Furthermore, there are prospects of completely good economic cooperation. Lithuania is an attractive tourism area for the Poles. To bring about a freeze in mutual contacts and an undeclared war, as existed in the interwar era, is relatively simple. But such actions will not improve the situation of the Polish minority—to the contrary. They would put Lithuanian Poles in the role of hostages of a nationalistic government. It is more in Poland's interest to create an infrastructure of mutual contacts so strong that nationalistic excesses cannot sever it.

#### Help to the Poles

Creating a strong structure of contacts with Lithuania, particularly in the field of the economy, may have a basic influence on the situation of the Polish minority. Over the long term, real assistance to Poles in Lithuania must mean improvement in their financial situation. If it is possible to change an undereducated mass of kolkhoz workers into a class of modern farmers, then most of the troubles will disappear themselves. There will be no disputes about schools or a university, because a community of several hundred thousand will be able to afford to maintain such institutions as private or self-management schools. There will be no fear of Russification or Lithuanianization, because a person who belongs to the middle class gives a good deal of money for culture and a search for his own roots.

To put it briefly, the best way to help Poles in Lithuania is not by clamoring or quarreling with the Lithuanian state authorities, but by working hard and consistently with the Poles themselves. This work should not consist of telling them about the heroic past of their ancestors (although this, too, has a place), but in teaching the Poles there to make a place for themselves in the world of competition and market economy. Poland suffers from a tragic shortage of funds. That is one more argument in favor of the thesis presented. The Polish taxpayer cannot afford the expensive performances of the Polish community, or to support the Poles in the East. However, private firms, small and with hope for a profit, could invest in the Vilnius lands. Prudent tax legislation must be enacted which would permit such a firm to train—let us say, a Pole from Lithuania to be an owner (or co-owner) of a mushroom-growing cellar or a greenhouse producing vegetables. Nothing is standing in the way of having inhabitants of Solecznik or Niemenczyna going into a company which will allow them to open up a small shop. Hundreds of such examples can be cited. And in these cases the demands of the politicians should be very strong. Economic cooperation with Lithuania cannot run up against nationalistically motivated obstacles.

The Polish intelligentsia in Vilnius, however, should be given assistance in creating their own press, radio or publishing houses. The method of sending old or unsalable books to Lithuania is no longer sufficient. Now, when masterworks of world literature are available in the Lithuanian or Russian languages, when it is a question of time for the editorial level of Lithuanian and Russian books to come up to the Polish level, sending "duds" not sold in Polish bookshops misses the point and even gives Polish culture a bad name. Until the Polish intelligentsia in Lithuania produces its own, sufficiently strong, creative elite, it must be supported, but on the principle of giving it a "fishing line" (i.e., the ability to publish in Poland), and not a "fish" in the form of finished works.

It is also extremely important to maintain permanent and good contacts with Lithuanians, because the minority question cannot be permitted to dominate the totality of Polish-Lithuanian relations. If it does, then Poland is put into a no-win position from the very start. It brings about a situation in which Poland demands and Lithuania resists the pressure, instead of an interplay of all kinds of different interests. Rapid expansion and opening of new border crossings, a broad offer of economic cooperation, political collaboration in joint initiatives, the presence of Lithuanian guests at meetings and conferences, and finally a thorough examination of the possibilities and perspectives of Baltic cooperation—these are all elements of our offer to Lithuania.

We should also remedy the mistake of having been excessively cautious during the past year and discuss the possibility of collaborating with Lithuania on matters of security. Our press was outraged that the Lithuanians want to train their soldiers in Germany. But first, they have a right to do so, and second, when Lithuanians made similar suggestions to us we did not respond.

### What Kind of Prospects

In conclusion, it behooves us once more to repeat that the prospects for Poland-Lithuania contacts are good. In contemporary politics, fortunately, present interests are more important than historical resentments. But in order not to slide back into the prewar level of cold aversion, a prudent and unemotional policy on both sides is needed.

We have the right to assume that after the May referendum on the matter of the presidency, the Lithuanian side will retreat from moves that are unfavorable to the Polish minority. We have the right to expect that the Lithuanians will not conduct a policy of economic nationalism. We have a right to believe that cooperation with Poland will be treated seriously by the Lithuanian state.

At the same time, the Lithuanian side can expect that Poland will cut itself off from all those who question the permanence of Lithuania's borders. The Lithuanians can also count on the support of Poland on the question of Baltic cooperation, improvements in communication, and economic cooperation.

Our interests in the area of security are also similar. It would be useful to study the possibility of interesting the countries of the "Vyshehrad Triangle" in special cooperation with the three Baltic states. Establishing special relationships on the model of those which are beginning to form between Benelux and the "Triangle" could open up some interesting perspectives for the future.

Lithuania is not the most important direction of Polish foreign policy. However, it is an accurate test of this policy. In Polish-Lithuanian relations the interests of the great powers do not play a role—we can and should shape them ourselves, while respecting our partner as well as our own interests.

### KLD Activist Defines, Examines Decommunization

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No 17, 26 Apr 92 pp 26-27

[Text of address by Janusz Lewandowski, former minister of privatization in the Bielecki government, deputy from a Liberal-Democratic Congress, KLD, branch, given at the forum "Decommunization and Democracy: Burden of Freedom" (title provided by WPROST)]

[Text] Decommunization in its broader and more superficial sense, conceived of as the squaring of accounts with the communist apparatus of force, or as a form of meting out justice, does not unduly hold the attention of liberals. We prefer to look into the future. It only makes sense to conjure up this problem to the extent that we are warning future generations and to the extent that this makes it possible for us to hold on the leash of government-by-law those matters which could become a reason for public mob laws. However, focusing attention on

decommunization conceived in this way would be poorly expending society's energy. In the first place, people do not care (nor should they) since Poland is faced today with more important problems. In the second place, emphasizing decommunization in this way brings with it the burden of intolerance, evokes a spirit of collective responsibility, may be used for settling current political accounts, and creates a climate which rules out the principle that all doubts operate in favor of the accused. Unfortunately, this is being confirmed in Czechoslovakia and in the eastern part of Germany.

We are interested in decommunization conceived of as a task for the system and the culture, i.e., as a creative task. The historical perspective provided us by the organizers of the conference is appropriate, since communism was the derailment of history.

Decommunization is a kind of restoration of civilization's continuity and of the natural course of history in our part of Europe. That ineffectual experiment to which several generations of Poles fell victim was, until the time of its legitimization by Marxist ideology, built on the understandable conviction that it is possible to make sense of events. Marxism was a secular variety of theology, an interpretation of history in light of an ultimate state—classless, free from social alienation. The endpoint of events was both "desirable" and possible to accelerate. Marxism was an intellectual abuse with a tremendous capacity to mobilize.

We scarcely remember this, since communist ideology most rapidly lost its support in our part of Europe among practitioners of communism. Its influence held on longer in the leftist circles of the West, which in turn communicated the virus of Marxism to the Third World. And only there, and not in Poland, is it possible to speak of the need for decommunization in the ideological sense.

The institutional and material structure of communism fell before our eyes during the decade of the 1980's. The rifts and the gaps started to appear earlier, but along with the "installation" of independent trade unions and the introduction of the free economy, the system in Poland ceased being a totalitarian one. Here and there the material relicts of communism have survived, and there are many legal remnants (beginning with the constitution). Basically, however, the decommunization of the system in the negative sense, i.e., its dismantling, has already been accomplished.

In the grab for the ammunition belt that was martial law, the state apparatus was quickly weakened. At the moment of the transfer of power, this was already a loose complex of offices and regulations with the center already somewhat hollowed out. In 1989, the rest of these tools of government were transferred and social responsibility resounded, magnified many times in the completely unrealistic undertakings of the Roundtable.

Where, then, does the real front for decommunization in Poland take its course, if not in the sphere of institutions and ideology? I see two such fields.

In the first place, we are confronted by the need to compensate for the great civilizational gap which arose during the last 50 years. I refer to information culture, the telecommunications culture and a broad array of financial-banking services which have developed on a large scale in the Western economy. Communism brought Poland a delayed, 19th-century type of modernization which was at cross purposes with the advance of an open society.

In the second place, we must overcome the hidden evil of communism in the form of the habits and the mentality which took root in Poland, creating obstacles for the creation of the market and democracy.

I have in mind the disturbingly low authority of the state and the law. I have in mind the lack of a sense of individual responsibility and the low level of civic maturity. These infirmities emanate not only from communism, but also from the manner of our emergence from communism. An example of this was Solidarity, which drew its strength from the sense of an emotional tie, from the dissolution of the individual into a solidary community. I remember that there were even those who saw the union-citizen movement as a higher phase of democracy, as something morally superior to the banal competition of political parties. In any case, a market economy signifies differentiation and individualism. The maturity of individuals, their responsibility and their willingness to take a risk is the psychological foundation of the market.

What else do I consider to be the legacy of communism and the field of decommunization? An insufficiency of what Maria Ossowska called the "soft virtues standing in guard of a peaceful existence." Namely, I am speaking of tolerance and a proclivity toward compromise. I would also note a lack of trust of politics, deepened by the low quality of political life in free Poland. Ethical and religious conflicts, frozen over the years and now erupting with truly violent force on the ruins of the empire, plague us far less than they do our neighbors.

In the fields in which the former system endures because of ingrained forms and habits, discontinuity, decommunization is needed. In some of these fields, habits were molded by the historical fortunes of Poland and they were strengthened after the war. Our historical events took the shape of a series of threats to the nation's existence. This naturally strengthened defensive reflexes and the collective psyche. The individual was subordinated to the collective, for power resided in the collective.

This weighs heavily on us now, in our present situation. We are at the turning point, colliding with freedom, a two-sided gift which demands that we shoulder the burden of individual responsibility and individual choice. Decommunization thus conceived takes a long time; it is not effected through persuasion or through

instructions "from the top." It can only be implemented by the daily practice of a market economy and democracy.

In this context I would like to point out the value of a liberal proposal. We know that the permanent anchoring in Poland of market principles and of parliamentary democracy is only one of the possible scenarios for the future. The liberal understanding of history is not contained in categories of destiny, laws and structures, but in categories of human freedom and will, i.e., hard work leading toward a better scenario for the future.

### **Jaruzelski Recounts 1981 Intervention Threat**

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No 20, 11 May 92 pp 181-194*

[Interview with former President Wojciech Jaruzelski by SPIEGEL staffers Siegfried Kogelfranz, Andreas Lorenz, and Andrzej Rybak in Warsaw; date not given: "It Was Psychological Torture"—first paragraph is DER SPIEGEL introduction]

[Text] Wojciech Jaruzelski made himself the bogeyman of all those who hoped for change in the East Bloc when he declared martial law in Poland in December 1981 and banned the first free trade union in the Communist world. Since the Communist Party gave up power in 1989, however, an increasing number of people have argued that, faced with the threat of a Soviet invasion, the general chose the lesser evil in 1981. Here for the first time Jaruzelski, 68, tells his side of the story to DER SPIEGEL; next week his memoirs will be published in Poland. He makes one thing quite clear: if he had not acted, the Warsaw Pact would have marched in.

[DER SPIEGEL] General, if you had not declared martial law in Poland on 13 December 1981, would Soviet troops have marched in on the 14th as General Dubynin, then commander in chief of Soviet troops in Poland, claims. Is he right?

[Jaruzelski] He is not the only one to say that. Other Soviet and Czechoslovak generals do, too. Colonel Alksnis from Moscow, whom I talked with recently in Paris, also confirmed that in December 1981 everything was ready for an intervention. After all, Poland is not located on the moon, it is in a strategically important position, on a faultline in a then divided Europe, to which the Cold War had once again returned. Poland could not simply change sides, but that is exactly where things were heading. The Soviet Union and the Warsaw Pact could not tolerate that. Furthermore, our country was on the edge of civil war and economic catastrophe.

[DER SPIEGEL] In your opinion, when would the Russians have marched in?

[Jaruzelski] That was a question not just of dates but also of circumstances. Dubynin mentioned the 14th, others have mentioned the 16th. However, we see from Czechoslovakia in 1968 and Afghanistan in 1979 that such

decisions usually were made at the last moment. Solidarity had planned massive demonstrations for the 17th. We faced a situation like that in Budapest in 1956. The collapse of Poland's state and military infrastructure would have been an intolerable threat to the Soviet Union and the Warsaw Pact, and they would have had to deal with it.

[DER SPIEGEL] Would intervention not have presented Moscow with incalculable risks?

[Jaruzelski] They were prepared to act. Many people testify to that today, including former Soviet Foreign Minister Eduard Shevardnadze. Gorbachev was pretty clear about it, too, at the 10th Conference of the Polish Workers Party in 1986. I have great respect for him and believe what he said. Our allies were convinced that the Polish problem could only be solved by force. Naturally, they preferred Polish force. But if we could not make up our minds, they would not abandon Poland in its hour of need, as Brezhnev declared on more than one occasion in 1981.

[DER SPIEGEL] Did you then have concrete information about an imminent invasion?

[Jaruzelski] There were massive troop movements. In the border area our neighbors were emptying hospital beds to make them available, Polish-speaking reservists were being called up. The border guards were being changed.

[DER SPIEGEL] Skeptics say that militarily the Soviets would not have been capable of intervening. The invasion would have resulted in chaos, troops would have refused to obey orders.

[Jaruzelski] This is the first time I have heard that. Soviet soldiers may have refused to obey orders in 1991 but not in 1981. Right up to the end the pressure from Moscow was enormous. I was not the only one subject to it, dozens of Polish politicians and soldiers at various levels felt it also. It was nothing less than psychological torture. Anyone who claims today that it was not that way is either lying or speaking with a forked tongue.

[DER SPIEGEL] Perhaps the threats were just part of a war of nerves?

[Jaruzelski] I cannot say. But I could not ignore the facts I have just cited. The fate of a nation is not a poker game. At that point, when Brezhnev may not have made up his mind yet but the danger was real, it seemed to me to be better to take matters into my own hands. To declare martial law was a painful and dramatic act, but to make the decision too late could have been a catastrophe.

[DER SPIEGEL] There have always been those who challenged your attempt to justify your proclamation of martial law as a patriotic act. Was it not your purpose to preserve the party's power?

[Jaruzelski] At that time the party was the backbone of the state. That was not good but that is the way things

were. The evolution in the Czechoslovak Communist Party led to the Prague invasion in 1968.

[DER SPIEGEL] Russian General Gribkov, who was at that time chief of staff of all Warsaw Pact forces, claims in his book that the Poles themselves called for help, but the Soviet Politburo decided not to intervene militarily. Defense Minister Ustinov allegedly declared that the Poles could not count on their kindly uncle in this situation.

[Jaruzelski] He must be joking. The next thing, we will hear that Gribkov and Ustinov were secret members of Solidarity and Brezhnev was their patron. I know that the retired Soviet generals have a very tough life, materially and psychologically. As a former colleague and ally I even feel sorry for them. However, such attempts to justify themselves will not go very far. There is endless evidence to prove that our fear of intervention was well founded. That is clearly proven by the threats of agitators, including Gribkov. That particular comrade did not play a glorious role.

[DER SPIEGEL] How were you threatened?

[Jaruzelski] One example was my dramatic two-hour conversation with Ustinov during the Zapad 1981 maneuvers in September. I also remember the meeting of Warsaw Pact defense ministers on 1-4 December 1981 and what the Poles had to listen to. When and what the Soviet Politburo decided is still not known, but I do know very well what pressure was put on us.

[DER SPIEGEL] In planning martial law as early as the end of 1980, you called on the aid of Soviet generals and KGB experts.

[Jaruzelski] That is not entirely true. Early in April 1981 a large delegation headed by Marshal Kulikov and KGB deputy chief Kryuchkov came to Poland from Moscow in connection with the exercise Soyuz 81. Among them was Nikolayev, a veteran General Staff officer who had proven himself in Hungary in 1956 and Prague in 1968. He was considered an expert on special operations and offered us some models to follow. We told him, "No, thank you, we will do it ourselves." The plans were worked out in Warsaw but naturally we informed our allies.

[DER SPIEGEL] They were satisfied with them?

[Jaruzelski] The whole time our guests pressured us to declare martial law. They even wanted party chief Kania and me to sign the papers in advance. We did not do so because we feared that other, compliant comrades might take advantage of our signatures.

[DER SPIEGEL] Were there people in the Polish leadership who would have helped the Russians?

[Jaruzelski] The Soviets—including Gribkov—attempted to slip people they trusted into key positions. They were planning a civilian putsch with conservative

circles in the party. Kania and I were to be overthrown at the 11th Central Committee Plenum in June 1981.

[DER SPIEGEL] In April when you and Kania were summoned to meet with KGB chief Andropov in Brest, you reportedly feared you would never return.

[Jaruzelski] At the time the situation was so ticklish that anything could have happened. I expected the worst. Our airplane first flew southwest and only turned toward Brest much later, so as to confuse the ground stations. But in the end we managed to get a reprieve at the meeting.

[DER SPIEGEL] Through December. Former U.S. National Security Adviser Brzezinski claims that there was in fact no longer any threat of an invasion in 1981—it was supposed to have taken place at the end of 1980.

[Jaruzelski] It may seem so, but it was not so. In 1980 we had the initial warnings but at that time Solidarity was just coming into its own. The Communist Party's power was still undisputed.

[DER SPIEGEL] That was not so the next year.

[Jaruzelski] The situation became critical. On 7 December Brezhnev told me on the telephone, "We can no longer tolerate the situation." I responded that we would do everything to deal with the crisis with our own resources. If political measures failed, we were prepared to use force. However, we needed economic aid. On 8 December Moscow planning chief Baybakov came to Warsaw with Kulikov to increase the pressure on us. Kulikov was particularly upset about provocations directed against the Northern Group of Soviet forces and threatened, "If we must respond, we will not hold back." Baybakov embraced my Deputy Premier Obodowski as he was departing and said, with tears in his eyes, "Do something, otherwise it will go badly."

[DER SPIEGEL] And at that you decided to take action?

[Jaruzelski] Yes, we were at the edge of the precipice. Solidarity's top authorities had called for a confrontation for 11 and 12 December in Gdansk. In reality they had declared war on us. The atmosphere was superheated. Party cadres were arming themselves for self-defense. Solidarity was forming workers brigades and arming them with all sorts of dangerous gear. The slightest incident could have led to an explosion. We also expected Solidarity to organize groups in armaments factories to seize the weapons produced there in case of conflict. There were even brigades whose mission was to seize television and radio facilities, in fact to seize power.

[DER SPIEGEL] What did you do?

[Jaruzelski] On 12 December I talked on the telephone with CPSU chief ideologue Suslov in Moscow. At that time Suslov was seriously ill and not very communicative. He died a month later. I wanted to get his assurance

that things would be left up to us if we used force. He confirmed that. Then Ustinov called and had the following to say: "Your problems affect the entire Warsaw Pact. If you do not solve them yourselves, we will not sit idly by; we will offer fraternal aid."

[DER SPIEGEL] That was clear enough.

[Jaruzelski] Look, I do not want to go along with the current fashion for one-time bootlickers to blame everything on the big bear that now lies prostrate. Given the strategic logic of the time, I probably would have acted the same way if I had been a Soviet general. At that time Soviet political and strategic interests were threatened. So in a sense their impatience was understandable. Furthermore, we had long since become unreliable partners in our bloc, with its tightly integrated economies. Our difficulties in making deliveries threatened our neighbors' economies. From Prague and East Berlin, Husak and Honecker were calling more and more bluntly for radical measures.

[DER SPIEGEL] We learned for the first time a few weeks ago that the Reagan Administration and the pope had joined forces to provide moral and material support to Solidarity to break the Communists' power in Eastern Europe. Did you know that?

[Jaruzelski] I did not know it in those concrete terms, but it was obvious that the West was giving Solidarity massive political, propaganda, financial, and material support. This included printing presses and state-of-the-art telecommunications. Solidarity officials traveled around the West agitating against the Soviet Union, all the time closely monitored by the KGB. In this way they were building an anti-Soviet bridgehead in Poland, which made Brezhnev very uneasy and angry.

[DER SPIEGEL] How did you expect the West to respond to your declaration of martial law?

[Jaruzelski] It was a remarkable, indeed schizophrenic situation. On the one hand, the West wanted to see Solidarity and democracy develop freely in Poland, but they also wanted to preserve the peace and stability. And certainly the West wanted us to do everything possible to prevent a Soviet intervention. A few weeks prior to the declaration of martial law, General Staff Colonel Kuklinski, one of the CIA's top agents in Poland, fled to the United States and betrayed our plans for martial law. In other words, the West knew everything in advance but did not send any signals either to us or to Solidarity. We were able to conclude from that that the West accepted the proclamation of martial law, as long as there was no foreign intervention. They viewed it as the lesser evil.

[DER SPIEGEL] In other words, an absurd alliance between Moscow and Washington?

[Jaruzelski] That is putting it too strongly. In Washington there must have been a variety of opinions. The

majority wanted stability, others would have liked to see an intervention, with all the damage that would have done to Moscow.

[DER SPIEGEL] Today you say that it was too early in 1981 to reform Communist society, just as it was in 1968 in Czechoslovakia.

[Jaruzelski] I do not want to claim that I foresaw what was going to happen way back then. I still had a long way to go. Like Gorbachev, who certainly was a great reformer, I expected to see Socialism evolve, leading to freedom of opinion, to democracy, to a division of powers, and to equal chances for all sectors in the economy. If Solidarity had not pressed ahead so heedlessly, if we had been able to avoid martial law, perestroika might have come sooner.

[DER SPIEGEL] Without Solidarity, there might have been no perestroika at all.

[Jaruzelski] That is not true. If we had reached an agreement with Solidarity in 1981, that could have served as the model for other Socialist countries—just our Round Table became a model eight years later. You should read the letters that Andropov and his successor, Chernenko, wrote me. Chernenko criticized me sharply in December 1984, three months before Gorbachev, for being too liberal with the opposition and the church.

[DER SPIEGEL] You were not always so scrupulous with the opposition as you now claim. When martial law was proclaimed, 10,000 people were interned, some of them in inhuman conditions.

[Jaruzelski] At the time our neighbors said I was treating the opposition too daintily. But I have to do some self-criticism and admit that it was one of my biggest errors not to have looked at the lists of people to be interned. In many cases, the arrests were senseless, people were settling personal scores at the local level.

[DER SPIEGEL] Given the precise planning demanded by the martial law operation, it is hard to believe you could have made such an error.

[Jaruzelski] I did not see the lists. Please do not think I am a suicidal personality who deliberately set out to create thousands of martyrs. We concentrated on the operational side of things. I admit that this was a major omission. Nonetheless, many internees were released after a few days or even hours; most were treated in a civilized manner, not brutally. There were no orders from the central authorities, it all depended on the individuals involved.

[DER SPIEGEL] Today many of the victims are demanding compensation.

[Jaruzelski] In my particular position I ought not to say that these people deserve nothing, but as a Polish citizen

I do not feel it is right for them to demand compensation. They fought against the regime of the day for a new Poland and they got it. Is the new state supposed to pay for that?

[DER SPIEGEL] The Sejm has declared the martial law operation illegal and thus opened the way for criminal prosecution of those responsible. Are you afraid of a trial?

[Jaruzelski] Although this may sound like gallows humor, I would actually be delighted to be put on trial. We would be able to point out the role played by the opposition. Up to now everyone has pilloried us, but a trial would reveal the guilt on both sides. We did not rush into declaring martial law for the fun of it. We urgently warned Solidarity not to take things to extremes. "Please, step on the brake, you are heading for a precipice." The church also warned them, but today people do not like to talk about that.

[DER SPIEGEL] Are you saying that the Catholic Church, the godfather of Solidarity, tried to restrain it?

[Jaruzelski] Yes, it wanted to restrain the union in order to save it. The church played a double role. Whereas in Latin America it rejected liberation theology, here in Poland there was a strike theology, especially among the lower clergy. On the other hand, the higher-ranking clergy were cautious, took the long view, expected there to be a long march.

[DER SPIEGEL] It did not take long. Overnight Socialism—not capitalism—landed in the dustbin of history, not least because of the events in Poland.

[Jaruzelski] If I may respond maliciously to your malice: The system that allegedly landed in the dustbin of history was first created on the Rhine in Germany, not here on the Vistula, much less on the Volga.

In Poland people want Socialism without Socialism, so to speak, as paradoxical as that may sound. They want the social achievements that Socialism certainly offered but without the negative phenomena that accompanied it. For a variety of reasons people got fed up with our Communist power but that certainly does not mean they are prepared to accept capitalism of the sort they have today.

[DER SPIEGEL] General, thank you for talking with us.

[Box, p 184]

#### "This Decision Was Unavoidable"

The Proclamation of Martial Law in Poland in 1981. From General Jaruzelski's memoirs.

It is Saturday, 12 December 1981, another difficult night has passed. Recent weeks and days in particular have been a torment, a nightmare. As a soldier, perhaps I ought not to reveal the state of my feelings, the human

weaknesses that drove me to despair. More than once I laid my hand on the cool handle of my pistol.

I had spent the night in my office in the Council of Ministers building. I got up around 0730. On my desk there was already a pile of reports and messages, mainly telegrams from various Solidarity organizations. They all contained phrases such as "we demand," "we protest," and "we expect."

I read the reports from Gdansk with particular care. A meeting of Solidarity's National Executive Committee had opened there on 11 December. The news was not good.

Constantly echoing in our ears was the proclamation of a "day of protest"—major demonstrations scheduled for 17 December, the anniversary of the December disturbances in 1970, on the coast, in Warsaw, and in some other cities.

The kindling had been prepared, who would be the first to throw a match into it? Who would ignite the fire? Would we do it ourselves? I felt the moment drawing near when the final decision would have to be made.

I called a meeting for 0900 with Generals Czeslaw Kiszcza (interior minister), Florian Siwicki (chief of the General Staff), and Michal Janiszewski (chief of the Ministerial Office). We four bore the primary responsibility for the country's foreign and domestic security.

Kiszcza gave a detailed account of the proceedings of Solidarity's National Committee in Gdansk. Siwicki, who still had vivid memories of the last meeting of the Warsaw Pact Defense Ministers Committee in Moscow, drew our attention to the worrying foreign situation. He had received reports of troop movements along our borders. Finally General Janiszewski informed us of the alarming signals arriving from the local administrative authorities.

I shared their assessments. "The clock is tolling the bellringer," as satirist Stanislaw Jerzy Lec always said. No one was in control, not the state, not Solidarity, and not the church. Was there no way out?

The meeting ended around 1000. I remember how General Kiszcza told me that he would need at least eight hours to put the operation into motion. Thus he had to be informed of the decision to declare martial law by no later than 1400.

In the hours that followed I thought not only about the political, military, and moral requirements for proclaiming martial law, but also about the formal ones.

First, I knew the opinion of the Sejm, which had declared in its resolution of 31 October 1981 that "it called upon the government to struggle against anarchy and all forms of illegality." Second, I knew that a majority of the members of the Council of Ministers, who were authorized to make the decision under the Constitution, would

not oppose such a decision. Third, I had the authorization, indeed the recommendation, of the Central Committee of the party. Thus I had a mandate from the highest state authorities.

Around 1400 my adjutant told me that General Kiszcak was on the telephone. The moment of decision had arrived. Once again I inquired about the results of the Solidarity Coordination Committee meeting. The news was not reassuring. In despair, I said, "We have no choice, put the operation into effect." It was the most difficult moment of my life.

I have often been asked whether I regret my decision to declare martial law. I have made many mistakes in my life but I still view that decision as a bitter, painful, dramatic necessity. Despite all the time that has passed since then, I see no reason to change that view. On the contrary, I find more and more confirmation that the decision was unavoidable, not least from statesmen in the West and East.

Was everything that was done under martial law right? Unfortunately not. I know that the phrase "forgive me" means very little, but once again I say it to all those who have reason to be bitter, who live with the feeling that they suffered injustice. I understand their bitterness and their pain. For me that is the heaviest burden, not the decision itself.

#### **Economic Accomplishments of Walesa's FRG Visit**

90EP0369B Warsaw RYNKI ZAGRANICZNE in Polish No 41, 4 Apr 92 pp 1-2

[Article by Andrzej Zielinski: "Promises and Realities: After President Lech Walesa's Visit to the FRG"]

[Text] This visit to the FRG was the first one at the presidential level. As is usual on such occasions, the president was accompanied by a strong government contingent. The ministers and under secretaries of state made up the less promoted but important fragment of his visit. With full responsibility for every word, they discussed current bilateral relations. Here is how the results of their actions look (unauthorized comments).

*Andrzej Olechowski, minister of finance:* "In my opinion, the main topics were explaining Polish economic policy and rebuilding the credibility of the policy. I think that the Germans understand us more easily since they themselves have encountered the move from a communist economy to a market economy. We are also counting on them as advocates and witnesses for our applications to world economic organizations.

"In accord with the settlements of the Club of Pairs, they have made a 50-percent reduction in our debts. I discussed a further 10-percent reduction for ecological investments. I hope that the Germans in spite of the pressure of credit expectations of the entire world understand our situation. Among the financial affairs, one

must also mention our efforts for better use of the so-called Hermes loans. So far, Polish firms have used them insufficiently. Of the 2.5 billion German marks [DM], we have used only about 10 percent. Now seven Polish banks (previously only one) are handling these loans; I hope that its life span—its is to end at the end of 1992—will be extended."

*Boguslaw Liberadzki, deputy minister of transport and maritime economy:* "We have seen a proposal for the development of the network of roads and transportation routes in Germany for the next five years. That is important for us because we need to integrate our actions in order to join the European transportation network. That means, among other things, extending the autobahn Berlin-Frankfurt-Warsaw route, and further to the east. Another route is Dresden-Wroclaw-Katowice-Krakow-Ukraine. A third such highway will be the route Gdansk-Lodz-Cieszyn. We are also interested in a highway route Kaliningrad-Warsaw and further to Berlin. Another undertaking will be the construction of a rail line of world-class quality along the route Berlin-Warsaw."

*Stefan Kozlowski, minister of environmental protection, natural resources, and forestry:* "I have signed a joint declaration on the proposed pilot sewage treatment plant in Swinoujscie. That means putting to use German loan guarantees for ecological investments. We discussed projects for creating a water passageway from the Odra through Notec to Elblag and Kaliningrad, through the Bug to the waterway system of the Pripyat and the Dniester. Probably, the Bank for Environmental Protection through a bond issue in the FRG will be able to give loan guarantees for investments for environmental protection."

*Marcin Rybicki, undersecretary of state in the Central Planning Office:* "I dealt primarily with facilitating border crossings. There was agreement to a list of 16 new crossings with a written list of tasks for both sides. The first three crossings on this list will be ready in 1992. We gained guarantees from the Federal Government for a special line of credit for four voivodships for ecological investments and for promoting small and medium-sized businesses. Probably in May we will form a Polish-German Society To Promote Business."

*Andrzej Stelmachowski, minister of national education:* "I took up the subject of mutual recognition of diplomas and school graduation certificates. The attitude toward this initiative is varied; nonetheless, the German side wants to solve this problem."

#### **Sejm Discussion on Defense Industry, Subsidies**

92EP0390A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 10 Apr 92 p IV

[Article by Anna Wielopolska: "Sejm Discussion on Industrial Subsidies: Deputies More Thrifty Than the Minister"]

[Text] On 8 April, the Sejm Commission on the Economic System and Industry examined the draft budget from the Ministry of Industry and Trade [MPiH], which encompasses industrial subsidies, among other things. The sum of 4.983219 trillion zlotys [Z] projected for the ministry was approved by the deputies, apparently contrary to the expectations of Minister Andrzej Lipko.

The document prepared for this meeting by the MPiH includes clear statements of the need to increase plant and equipment subsidies in two basic branches of industry: mining and the defense industry. These proposals are a clear departure from government plans to limit budgetary outlays.

According to ministerial forecasts, hard coal mining, which has been neglected until now, has led to the need to liquidate 18 mines. Subsidies for these mines were calculated at Z1.008888 trillion. The other items from the sum of Z1.129508 trillion requested by the ministry include eliminating and battling mining disasters, covering the costs of liquidating three plants in the Bochnia salt mine, geological-exploration work, and subsidizing housing management in hard coal mining, which would cost Z453.995 billion.

Next the MPiH politely pointed out the threat to its entire budget caused by the demands of the workforces of the restructured Konrad mining plant and the Orzel Bialy mining-metallurgy plant and by the demands of the Ministry of Privatization to transfer the necessary funds into its budget. This reduced the amount of product subsidies for the MPiH to Z1.7 trillion (as projected in the budget). In light of the previously mentioned document, this means a drastic reduction of subsidies for the liquidated mines.

On the other hand, the concept of maintaining the status of the defense industry was presented very clearly. Minister Lipko's employees calculated that for MON [Ministry of National Defense] to purchase domestically produced equipment, Z3 trillion would have to be reserved and Z2.2 trillion would have to be set aside as governmental guarantees [as published] to implement the program of restructuring the defense industry.

During the commission meeting, Minister Lipko brought up the issue of national investments receiving assistance from dividend funds which, however, provide insufficient support. No consideration was given to either of two motions appended to the draft law, namely, credit for the Opole Electrical Power Plant, which lacks Z245 billion, nor the awarding of Z49.5 billion to build the Mosciska Power Station.

Like the Council of Ministers before them, the deputies did not share the MPiH position stated in 20 typewritten pages. The Sejm commission passed only a motion on the direct transfer to the ministry of at least 40 percent of revenues from privatization toward restructuring. The other demands were passed over in silence.

**Networking Conference for Polish, EC Businesses**  
90EP0369A Warsaw RYNKI ZAGRANICZNE in Polish  
No 42, 7 Apr 92 p 2

[Article by M.M.: "Seeking Partners: Marketplace EC—Poland 1992"]

[Text] Given the economic changes occurring in Poland, the newly privatized firms and those waiting for privatization are forced constantly to seek ways of increasing production and of improving their quality and marketing. On the other side, an agreement recently signed with an association from the EC creates new opportunities for development and cooperation with Western countries for Polish industry.

For those who intend to enter the new markets, a conference titled Marketplace EC—Poland 1992 was organized in Warsaw on 6 and 7 April 1992.

The conference was financed by the Commission of the European Community and organized with help from the Polish Government in close cooperation with the Ministries of Foreign Economic Cooperation, Industry, and Ownership Transformation and with UNIDO [United Nations Industrial Development Organization]. Adam Glapinski and Roland E. King, deputy director of the Center for European Studies, chaired the deliberations.

The purpose of the Marketplace Conference is to create opportunities for Polish enterprises to find appropriate partners in the EC countries. Polish and foreign firms operating in three selected industries, electronics and electrotechnology, light industry, and agricultural and food processing, participated in the meeting.

Representatives of 66 domestic enterprises representing all ownership sectors (private, cooperative, and state) intend to participate; 69 enterprises from the EC countries have announced their participation. Representatives of industry in Great Britain, Italy, and Belgium have shown particular interest.

A marketplace conference was first organized in Hungary in 1989. Later successful editions were held in Hungary and in Poland in 1990 and in Czechoslovakia in 1991.

During the two days of the meeting, Polish representatives of the mentioned industries have had an opportunity to get firsthand information on the changing conditions and prospects for cooperation with firms in West Europe. This information can be gained from individuals with professional business experience and from professional experts.

The first day of the conference began with a plenary session during which Polish ministers and representatives of the EC reported on political, economic, and legal conditions exerting influence on economic cooperation between firms from Poland and the EC countries. Later participants had an opportunity to talk with domestic

and foreign specialists on technical, financial, and legal problems they have encountered in their work.

These consultations were held during three "subject workshops" for each of the three sectors. Moreover, one of the workshops was specially prepared for Polish participants. It was to explain how international trade organizations can help in finding new sales markets for Polish exports.

During the second day of the meeting, working meetings between Polish delegates and their potential partners from the EC will be held. During these contacts, called "one on one," experts to provide immediate advice on law, marketing, and taxes will be present. Among them will be representatives of the National Chamber of Commerce.

### Privatization of Foreign Trade Analyzed

92EP0361A Warsaw ZYCIE GOSPODARCZE  
in Polish No 13, 29 Mar 92 p 17

[Article by Kazimierz Dziewulski: "Private Enterprise and Foreign Trade"]

[Excerpts] The basic direction in which the Polish economy is being transformed is its privatization. Of smaller, indirect importance is the formal-legal status of enterprises.

Real privatization means a change in the proportions of overall trade in favor of the private sector. The thus interpreted privatization of foreign trade is making considerable progress, having quadrupled and reached 32 percent of the entire volume of foreign trade in 1991. Last year the volume of private trade had quintupled while that of state trade decreased by 0.7 percent overall and by 5 percent in exports.

### Division Into Sectors

This division is somewhat conditional. The private sector comprises companies, individuals, foreign enterprises and their representations in Poland, and foundations, whereas the state sector consists of the former foreign trade enterprises.

The growth in the share of the private sector is an objective necessity, prompted chiefly by the formation of a market in the postsocialist economy, the emergence and vigorous growth of enterprises of a new type (dynamic and based on laws of the marketplace), the increased role of the consumer goods market, and the total failure of adaptation of the previously existing foreign trade structures to the market conditions shaped by the reform.

Thus, the share of the private sector in foreign trade was bound to increase and it is now at present greater in that trade than in the Polish economy as a whole (other than agriculture and interior commerce). Its importance in different domains of business activities varies: Its share is more than twice as great in imports (more than 40

percent) as in exports, in which it is only starting to come close to 20 percent. The private sector does not as yet dominate foreign trade, but undoubtedly that shall happen in the very near future. Its share in imports will probably begin to balance its share in exports somewhat later. So far their balancing has been fairly slow, but even so the ratio of 1:3 in 1990 has already changed in favor of imports to 1:2.3 in 1991.

It can be assumed that this will be promoted by the gradual liberalization of trade with the EC, because the "opening" of that market is primarily to concern goods whose exports can even now be expanded very intensively by the private sector.

In 1991 imports grew at an even faster rate than exports (the difference amounted to 18.5 points). For the state sector this ratio was more favorable, with the difference amounting to 11 points, except that state exports declined by 5 percent while imports increased by 6 percent (solely owing to the increase in the cost of fuels and greater imports of processed meat products and certain chemicals).

The onus of energizing trade now rests on the private sector. Compared with its state competitor, its exports grew at an incomparably faster rate (4.5-fold, compared with the decrease in state exports), in all the domains except forestry [products]. The greatest differences between these two sectors occurred in exports of energy carriers, iron and steel products, glass products, construction materials, and pulp and paper. Private imports grew at a fivefold faster rate than state imports and predominated in every domain except fuels. A particularly great difference in the growth rate of imports concerned means of transportation, iron and steel products, construction materials, ceramics, and farm products. [passage omitted]

Private exports follow more explicit priorities and, as a rule, are tailored "closer to the market." They include: livestock products, processed meat products, lumber-industry products, and nonferrous metal products. Food-stuffs account for 35 percent of these exports, compared with 12 percent for state exports, and consumer goods account for more than one half. This indicates that the expansion of the marketing of agricultural products is the domain of private trade. Agriculture is not helped by fencing it off with high customs duties, but it can be helped by the growth of private exports. This conclusion can also be applied to the garment and textile industries, though, for the time being, on a smaller scale.

In assessing the export activities of the private sector we should bear in mind that it is practically deprived of the possibility of cooperating with industry wherever large monopoly structures are concerned. These [state] monopolies view the private sector, that vigorous though small trade partner, as a highly undesirable intruder who disturbs the tranquility of their slow decay, hence the small share of the private sector in exports of fuels, chemical products, electrical machinery, and iron and

steel products. The private sector is probably financially and organizationally unprepared as yet to handle mass volumes of trade, which do not necessarily assure adequate profits, especially when the profits hinge on the say of the state as reflected in its subsidies [to state industry]. The private sector can exist and operate efficiently if a market exists and operates. In its absence, the sector becomes distorted. In the nature of things, in its export activities this sector focuses chiefly on the branches of the economy in which the market is most developed. It is thus no accident that the private sector first began to dominate the exports of agricultural products (other than field crops and relatively unprocessed bulk commodities). However, these proportions are changing rapidly: The private sector's exports of field crops are growing very rapidly, while its exports of horticultural and orchardry products are growing at a fair pace, but those of livestock products are regressing. Also growing are its exports of the products of feed, lumber, typographical, and glass industries.

The exports of fuels, glass products, paper products, construction materials, and iron and steel products are breaking a record. Such a growth pace has previously been achieved only by the economy of South Korea during the period of its most vigorous growth. To be sure, as regards highly processed products the level of exports in 1990 was rather low. The products being exported at a record-breaking pace are not highly processed, but neither are they raw materials and this enhances the similarity between the emerging trend in this country and the Korean model, which, before it began to include electronic products, concentrated on such goods as snails, mushrooms, and umbrellas, and grew apace.

During the same time, most state exports have been declining, especially those of the precision industry and livestock breeding. Feeds were the only state exports to grow at a fast pace, while the exports of products of state mineral, pulp and paper, fuel, and chemical industries grew only moderately.

The private sector is moving away from exports of relatively unprocessed goods to those of technologically more sophisticated ones, while in the state sector this trend is getting reversed. Thus, private exports are becoming, slowly to be sure, structurally similar to the exports of EC countries. This is neither an automatic nor an easy process. Example: the disturbingly small share and slow rate of growth of the exports of electrical machinery. Even so, however, those exports tripled in value within a year.

Private imports are growing relatively not much more rapidly than exports. These imports are chiefly of iron and steel products, construction materials, means of transportation, ceramics, and field crops. Also growing rapidly are the imports of investment goods and clothing. Having accounted for as much as 46 percent of overall Polish imports in 1991, the private sector undoubtedly intends to reach the predominant position this year. It has already reached it in such important fields as the electrical machinery—but not machinery per se—extractive, lumber and pulp and paper, light, food, agricultural, feed, and typographical industries.

Private imports, unlike exports, are structurally closer to state imports. The fact that the share of private imports of electrical machinery is one-third greater than that of state imports, and that the volume of private imports increased sixfold within a year (whereas that of state imports decreased by 20 percent), can be considered symptomatic. It reflects the processes occurring in the economy: the regression of state industry along with the rapid growth of private enterprise (difficult to estimate, because largely not considered in statistics).

#### Sounder Principles

The fairly widespread opinion that private imports are focused on consumer goods is not quite corroborated, since these goods account for only about 25 of those imports, with food imports accounting for about 19 percent. It is true, on the other hand, that this share is more than twice as high as in state imports, and it is nearly one-half as high as the share of consumer goods in exports of the private sector (ultimately accounting for 60-70 percent of overall Polish imports of these goods). [passage omitted]

Is the private sector "taking over" trade from the state sector? Undoubtedly yes. But it cannot be argued that this has resulted in a decrease in trade. On the contrary. The private sector is much more amenable to the state's promotional policy and, let us add, much more resistant to restrictive policies, especially as concerns the policy on the currency rate of exchange. In the presence of a "proimport" policy the private sector has succeeded in expanding its imports. It did not react negatively to the sudden change in the currency rate of exchange, a change that, in the spring of 1991, affected very adversely the state imports of consumer goods. The decline in the state imports was offset by the increase in private imports, which reached their quarterly peak for that year. And of course, the private sector did not surrender the positions it won. It is likely that the recent new adjustment in the currency rate of exchange will produce similar—and more radical, let us hope—effects. [passage omitted]

**Structure and Trends of Foreign Trade  
by Type of Ownership in 1991\***  
**Share of Private Sector in Foreign Trade**

	Exports				Imports				Exports		Imports	
	Growth Rate		Structure		Growth Rate		Structure		1990	1991*	1990	1991*
	A	B	A	B	A	B	A	B				
Overall	451.7	95.2	100.0	100.0	535.3	106.0	100.0	100.0	4.8	19.6	14.3	46.1
Metal industry	236.6	93.2	3.2	3.7	395.0	87.2	3.8	2.1	7.5	17.0	24.5	59.7
Machinery industry	482.0	69.4	4.1	7.5	508.9	75.2	8.6	14.0	16.1	11.8	7.0	33.6
Precision instruments industry	264.1	38.4	1.1	1.1	883.5	71.3	8.7	2.8	3.5	20.1	17.0	72.1
Means of transportation	280.4	85.9	1.5	6.7	1,191.8	99.6	8.8	5.8	1.6	5.2	10.2	57.6
Electrical and electronics	277.0	84.6	1.4	3.8	462.7	88.1	11.7	5.5	2.6	8.0	24.9	63.5
Fuels and energy	3,790.1	110.6	7.4	12.3	147.8	155.6	5.6	31.5	0.4	12.8	10.7	12.7
Of which: coal	3,092.0	108.2	2.6	8.1	0.1	2,816.3	0.03	0.01	0.3	7.2	0	69.7
Of which: fuels	4,290.8	107.8	4.8	3.2	190.6	156.0	5.5	31.2	0.9	26.7	10.6	12.7
Of which: steel industry	1,539.6	113.5	3.0	9.0	1,349.1	100.4	1.0	5.2	0.6	7.4	1.2	14.0
Nonferrous metals industry	916.7	102.5	9.0	8.1	341.6	84.8	0.4	1.9	2.9	21.3	3.7	13.5
Chemical industry	181.9	108.0	5.0	13.9	719.1	117.5	11.9	13.3	3.0	5.0	11.1	43.5
Building materials industry	1,052.3	146.6	1.5	0.8	1,925.8	78.5	1.3	0.7	5.9	31.0	5.7	59.6
Glass industry	2,974.4	124.7	4.3	1.3	587.5	107.3	0.9	0.2	21.0	45.6	38.9	77.7
Ceramics industry	766.7	117.6	0.1	0.3	1,125.0	92.1	0.1	0.1	1.9	11.0	5.0	38.8
Lumber industry	549.6	102.8	13.0	3.1	705.0	115.6	1.1	0.2	15.8	50.1	47.2	84.5
Pulp and paper industry	2,418.6	124.2	0.4	1.0	625.7	125.9	2.1	1.5	0.4	7.5	18.8	53.5

**Structure and Trends of Foreign Trade  
by Type of Ownership in 1991\***  
**Share of Private Sector in Foreign Trade (Continued)**

	Exports				Imports				Exports		Imports	
	Growth Rate		Structure		Growth Rate		Structure		1990	1991*	1990	1991*
	A	B	A	B	A	B	A	B				
Textile industry	262.9	76.2	2.6	1.8	535.2	64.3	5.2	2.2	9.1	25.3	19.1	66.3
Garment industry	702.2	96.4	4.3	2.3	908.5	60.0	2.6	0.6	5.9	31.2	18.9	77.9
Leather industry	174.0	70.5	1.6	1.2	180.2	114.0	1.6	0.6	11.9	25.1	58.5	69.0
Processed meat products	484.8	82.2	8.2	4.6	599.8	131.0	4.1	1.8	6.8	30.2	28.8	65.0
Processed vegetable products	303.9	93.4	5.7	4.3	555.6	104.9	9.3	5.5	9.8	24.4	20.9	58.3
Field crops	710.2	100.9	3.9	2.3	1,039.0	90.0	1.6	0.7	5.6	29.6	13.3	63.9
Orchard crops	218.2	53.9	4.7	0.1	526.3	95.0	3.6	0.4	67.8	89.5	58.4	88.6
Live-stock raising	344.4	34.3	11.8	0.7	420.7	47.4	0.2	0.01	29.5	80.8	14.2	59.6
Forestry	101.2	108.4	0.6	0.4		66.6	0.0	0.02	3.2	23.9	2.8	39.3

A—private sector; B—state sector.

Calculations based on GUS [Main Statistical Administration] data.

\* Preliminary data.

**Sejm Draft Law on State Farms Reviewed**

92EP0390C Warsaw RZECZPOSPOLITA  
(ECONOMY AND LAW supplement) in Polish  
14 Apr 92 p II

[Article by Edmund Szot: "Will There Be Another Agricultural Reform? The Peasant Will Yield to Nobody"]

[Excerpt] On 19 March 1992, a deputy-initiated draft law on changing the law on management of farm properties of the State Treasury and on changing certain other laws was tabled. This draft was proposed by 19 deputies. The draft law projects changing the very new (19 October 1991) law concerning the same subject. The following changes are proposed: The right of precedence in purchasing PGR [State Farm] lands and land from the State Land Fund should be the right not of someone who is ready to pay the highest price for it, but of a physical person who possesses property within the area of a given gmina. Moreover, a candidate for purchaser should be established after the opinion of the gmina is polled. The basis for the proposal of this deputy draft is that "an auction does not ensure that the purchaser of a farm will

be professional." For this reason, there should not be a free choice of bidders. The local government knows best to whom the land should be sold or, rather, half given away. This was the first sign.

On 1 April 1991 in the Sejm building, a seminar, "Let Us Not Abandon the Land," took place that was organized by the PSL [Polish Peasant Party] deputies club and by the Association of the Movement for the Defense and Development of Family Farms [SROiRGR]. Issues of bringing family farms into full cultivation by utilizing neglected land which is now found in the possession of the PGR and PFZ [Polish Land Fund] were discussed. A motion was made to embark upon a legislative initiative on this matter. This was the second sign.

The third sign came to light in the "Draft of a Government Program of Privatization," in the part concerning agriculture. "It is not a question here of incorporating farm properties into the reprivatization fund," states Maria Zwolinska, deputy minister of agriculture and food management, "but of the scale of this phenomenon. It is proposed that 1.4 million hectares be used for this

purpose. This makes the possibility of agency's operation as an institution functioning according to economic principles questionable. At the fore of the agency's tasks is the implementation of privatization claims, and not the return to health of the PGR system of management."

The steps proposed with regard to the state agricultural sector appear to be totally abstracted from the social situation in this sector. The creators of these plans are completely indifferent to the fate of the approximately 400,000 persons employed in this sector. They would find it difficult to reconcile themselves with being restricted in terms of head of hogs or cattle. I myself once wrote that in general the peasant is a greater patriot than the PGR employee, for the peasant is motivated by additional emotions not experienced by the PGR employee, i.e., the awareness of his ownership. However, this awareness should not degenerate into unsatisfiable greed.

#### Case Study in State Farm Liquidation Process

90EP0380A Warsaw SPOTKANIA in Polish  
No 15, 9-15 Apr 92 pp 26-29

[Article by Jerzy Morawski: "Decline of State Farms"]

[Text] At the State Farm in Kuce, the piles of cut chips around the walls of the housing barrack and the workers' pigsties are a sign of life. In the office of the state farm that is being liquidated you will not see a living thing. Outside, a few machines stand idle, empty and gloomy. Only the howling shepherd chained on a pile of boards is still keeping watch.

#### Under the Gavel

Until recently, Kuce flourished as a farm under one of the largest combines in Poland, Lyna, which had more than 30,000 hectares. Six hundred hectares, which were of the third and fourth class, proved to be soil of exceptionally good quality for the Olsztyn voivodship. The land made it possible to raise more than 3,000 hogs and 120 cows. After the harvest in 1991, the stubble was not plowed under and the fields grew over with weeds. The last hogs were taken to slaughter a week ago. What happened here?

"The combine has screwed us. They bought themselves cars and they are destroying Kuce," Eugeniusz Szczepkowski gives as his diagnosis. ("I worked with hogs for 32 years.") Wojciech Pytlarczyk, the liquidator of the office of this farm, sees things differently. "The first three months of 1990 ruined Kuce and the majority of state farms in Poland," he explains. "The farm faced paying a loan of 100 million taken for the construction of buildings (a repair shop). And then in January 1990, the debt bore an interest rate of 90 percent. The meter for interest began to run wildly. Today there is more than 800 million zlotys [Z] to be paid."

When Mr. Pytlarczyk became liquidator at Kuce after the harvest in 1991, he continued to try to save the farm.

He continued raising hogs; he used every free grosz for cultivation. But in December he gave up because the debts were growing faster than the profits. The 43 employees received their separation pay of three months' wages and for the last time their equivalents for milk and potatoes. (Now all of them are on unemployment.) Auction time began: the light tractors and combines, the reserves of parts in warehouses, the hogs and cattle were sold. Pytlarczyk used these funds to release the employees and to plug the holes in the budget.

The sales were well underway when an agent for the prewar owner of Kuce appeared and prohibited touching any of the assets. Pytlarczyk, the liquidator, asked him for his legal authorization. When that proved not to be in order, the talks ended.

The former employees at Kuce—after the festival of separation, damages, and receiving their equivalents—quickly came to their senses. It turned out that people must pay for their own apartments—the rent, power, water, and removal of sewage—from their own pockets. In the barrack in which several families had lived for many years, no one wants to allow an electric meter to be installed in their apartment. The power company has said that if they do not agree quickly it will shut off the power.

The residents in the barrack who worked together on state hogs for years now look at each other with suspicion. Szczepkowski who has reached retirement arouses general jealousy. He is the only one who has a steady source of income, but he does not want to take the meter upon himself. Szczepkowski is afraid that his neighbor "Kuronites" will not have anything with which to pay for the electricity and that he will have to subsidize them.

No one here has looked for work for all the state farms in the area are collapsing, and only they provided employment. Tadeusz Rechowicz, who sat out the winter in his apartment drawing unemployment, wants to take some of the land of the state farm which is lying fallow for the first time since the war. "Just a piece so there are potatoes, so I could raise a cow," he says. "But where should I go, where can I arrange for the land?"

The liquidator Pytlarczyk, who is also executing another state farm, where he was director earlier, sees spring coming. "My soul hurts; it is time to go plow the fields," he says. "Did I work my whole life for the commies? I love the land, that's all. It is my faith. The Agency for Agricultural Property is to decide what is to happen to this land. But this decision will be made in Warsaw and word of it has not reached here yet."

Kazimierz Szulc, the owner of a 12-hectare farm, rides his horse along the road between the collapsing state farm in Kuce and the housing barrack. One can see life has not been kind to him; gaunt, he looks worse than those in the barracks. "A farmer on a Kuron allowance will not leave," he notes, as if he was certain of his fate. He wants a few hectares of state farm land. But there is no one who can sell him or lease him state land.

About the people sitting inactive in the barrack, the farmer Szulc can only say: "Let them not worry about taking to the land." When he himself years ago bought a farm with rundown buildings, he made everything beginning with the plow and harrow.

Bozena Jastrzebowska, the secretary of the Gmina Office in Janowiec Koscielny, explains that in principle the gmina does not accept applications to buy land from the collapsed state farm. What has come in has been forwarded to the Olsztyn voivode. Recently, the Agency for Agricultural Property of the State Treasury asked the gmina whether it could act as intermediary in the sales of state land. Mrs. Jastrzebowska thinks the number of farmers interested in the collapsing estates in the area of the state farm is large. The inheritors of the prewar owners, who live in Gdansk and elsewhere, have also appeared.

Teodozja Wisniewska and her husband run an outstanding 30-hectare farm in Zdziety. She openly says that last year they did very well in agriculture. They hauled potatoes to the market in Olsztyn and sold them; they did not wait until they went bad. Now they are seriously interested in buying land from the collapsed state farm: "Six hundred is too much," thinks Mrs. Teodozja. "But 100 or 200 we will surely take. We have three sons who are finishing school. Their future is here; in agriculture, there is no lack of work."

#### In a Partnership

When the few state farms around Nidzica began to totter in the fall of 1991, the employees of the state farm in Orlowo wanted to take advantage of the fashion for collapsing. They said, "We will take our separation, go on the Kuron allowance, and get rich." And the state farm? Let the devil finally take it. Edward Rozmus, the director of the farm (a graduate of a higher agriculture school who has worked for five years in production), called a meeting. "We must go to another form," he began a little formally, "put in our savings in order to save the enterprise. This is an employees' cooperative, in which the participants were to put out Z50 million from their own pockets. The director realized that gathering Z1.5 billion from state farm employees to purchase the entire farm is impossible. Half of the employees said no. There were 27 left who formed the partnership to shoulder, as was said until recently, the socialized sector.

Jan Klimek, a tractor operator who for now guards the yard, has his view. The partnership does not seem to him the best idea for life; he will not enter it. Soon he is to leave this bedlam, as he calls the state farm.

The farm faces paying its own debt of Z50 million and the Z230 million debt of the dissolved combine Lyna. The feed mixing plant in Orlowo supplied several local state farms, and among them, there are its debtors. In a few cases, it has even gone to court to force payment for the feed. But some, as a result of liquidation, have disappeared. The banks think that the situation in Orlowo is miserable and do not want to provide loans for

spring needs (fuel, fertilizer, etc). They demand reliable cosigners. "Either they support the meat factory in Ostroleka, or the Agency, which is as yet invisible," says Henryk Antkiewicz, director of the mixing plant.

Orlowo raises 2,000 hogs (it has its own feed from 400 hectares of land) and the partnership wants to earn a profit of Z200 million chiefly on them this year. Six foil tunnels are already up (another six will soon be built) for tomatoes. Income from the feed mixing will be added. A humble undertaking and humble profits to make it through the year.

Will the farm save itself from bankruptcy and collapse? The financial plans of the partnership show that Orlowo can hold its own. But for now there is no one in Olsztyn who will decide to give the state farm employees land from the state farm. "There is no one with whom to talk; they are just now forming the Agency section. We are waiting," said the farm bookkeeper.

#### A Lessee's Place

In the housing section of the state farm in Leguty, life goes on in the rhythm of the traveling video rental firm. Each person who has a video player (several were bought for the separation pay from the state farm) borrows a couple of cassettes, which are traded with the neighbors. They watch films from morning to night. Outside, in the world, there is nothing to see. The state farm has not existed since January 1992, and it is difficult to find work in the area.

Henryk Bubolc (age 43) lives in a square house left by the Germans next to the former state farm. He emphasizes that it does not even pay him to go on the Kuron allowance. He is going to Olsztyn, where he has found a job loading garbage in the Municipal Sanitation Enterprise. For now his mother, who spent her entire life with cows on the state farm, is supporting him. Her retirement is Z717,000 a month. Her other son, Tadeusz (age 35), a mason on the Kuron allowance, sometimes contributes to the budget. As usual he does not want to talk to anyone.

The former director of the state enterprise in Leguty has leased the one-thousand hectare farm for 15 years from the Olsztyn voivode. He let the entire work force go. He only offered jobs to six workers, but only three took him up. "Everyone was for liquidating the state farm," says Edward Jaskorzynski, a mechanic and tractor operator. He and his two sons took the jobs offered by the former director. "At the time I said out loud that as the chairman for many years of the workers' self-management council I was no longer going to risk my head for anyone. Let each of them watch out for his own fate. Today many of them, who took their separation gladly for the sum of Z3-4 million, are sorry.

Jaroslaw Zimoch, the lessee of the farm, is a graduate of the animal physiology department of the Agricultural Technical Academy in Olsztyn; after graduating he worked for seven years at the state farm. "Leasing the

farm is for me a way of life," he says. "I thought that it would be better to work for myself." I won the competition announced for the way of managing the enterprise. The contract which he signed with the voivode requires him to maintain the state farm housing in which 260 individuals live. Mr. Zimoch must take care of supplying water, hauling away the trash, and electricity. Supposedly he is to pay for that from the residents' fees, but that is not always so. Some have not paid for months.

Jaroslaw Zimoch employed so few because animal raising ended years ago at this state farm. He only took those who could work the fields: tractor operators, who could also operate combines and guards who see that no one steals the leased assets. Perhaps in the future he will hire someone else, but for now he has no money. The first profits may appear only after the harvest. For now he is financing the farm operation from his own savings and is seeking a bank loan.

Mr. Zimoch has made a plan that assumes that in the first year of the lease of the assets the point is to take over the assets and to turn over the capital without a profit. As long as there is enough for buying resources for the next planting season.

As the lessee of a former state farm he took the least favorable variant. He planned that the yield—the weather can be unfavorable—of wheat will reach 30 quintals per hectare, although as much as 40 quintals has been harvested. He also assumed the sales prices for wheat from last year, relatively one of the lowest in years. He anticipated also an increase in operating costs for the farm of 30 percent. In the annual balance, he does not expect a profit for himself. "I only want to support my own family this first year," says the lessee.

#### **Economic Data Base Organized in Poznan**

*92EP0415C Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 28 April 92 p IV*

[Article by Edmund Szot: "Economic Information Center Created: Pivot of the World Economy"]

[Text] Proper information plays a basic role in an economy guided by market principles. Although information is almost unnecessary in a command-distribution system—nearly all decisions were made at the central level—it is absolutely essential in a market system. In a situation where autonomous economic units are dispersed, information plays the role of an element, making it possible to engage in cooperation, to increase a company's turnovers, and to adapt the production profile to actual market needs. Information also makes it possible to take better advantage of the available capital and fixed assets and to utilize the technology employed in the plant to better effect. Without information we will not know, for example, that somebody in Przemysl has capital he would like to invest to advantage, or that there are free production halls in Suwalki, or that there are people in Bielsko-Biala Voivodship eager to work.

In the effort to meet the needs of a market economy, an Economic Information Center [CIG] is being created in Poznan. All sorts of data will be recorded there. Banks and economic institutions (chambers, societies, etc.) are interested in its creation and, what is more, they are investing money in setting it up. The government program for the CIG calls for the participation of government ministers, voivodship governors, scientists, and business people.

The CIG will be composed of two separate blocks: the Economic Initiative Bank and the Economic Cooperation Bank. There is a proposal to divide Poland up into 14 regions, with CIG headquarters in Bialystok, Bydgoszcz, Gdansk, Gorzow Wielkopolski, Katowice, Kielce, Krakow, Lublin, Lodz, Poznan, Rzeszow, Szczecin, Warsaw, and Wroclaw, and by the end of this June, all the voivodships should be headquarters for such information centers. The target is to have them in 160 of the largest population centers in Poland by the end of the year. Institutions already in existence will be utilized at CIG branch headquarters in the smaller localities.

Each company interested in belonging to the Economic Information Bank or the Cooperative Information Bank should fill out a questionnaire like the one printed alongside. In this way, the country's first economic information network will come into being. The placement of offers and access to simple information about other Polish and foreign economic units will both be free. Access to certain Western information networks may also be free.

This is not the first time that Poznan has given an example of initiative by creating a market infrastructure. Poznan is the site of the first real fruit, vegetable, and flower exchange. Poland's first agriculture and crafts chambers were established here. And the idea of creating the Economic Information Center also began here. This activity deserves the highest praise. One of the underlying reasons is that Poznan has no complexes about the capital, and, as a result, in Poznan two times two has always been four, not eight or 12.

#### **Local Restructuring Efforts Pioneered**

*92EP0415A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 2-3 May 92 p I*

[Article by Anna Wielopolska: "Regional Privatization: First Agreement"]

[Text] The Ministry of Privatization has become directly involved in a local program of economic changes for the first time. In Lublin, on 30 April, three voivodships signed a regional agreement that has become a framework for agreements on the restructuring and privatization of the Lublin region.

The EEC countries' financial assistance for Polish economic changes is usually designated for geographic economic regions and assumes that our problems will be dealt with globally. The consolidation of the resources of

the three voivodships, Biala Podlaska, Chelm, and Lublin, as expressed in the agreement made in Lublin, can be considered a success. The direct implication was the creation of a consortium that will have the task of coordinating, assisting, and encouraging restructuring and privatization efforts. Three banks, including two from Lublin Voivodship, joined the consortium. The Lublin Development Foundation was created a year ago with the cooperation of the voivodship governor of Lublin and Lancashire Enterprises, an English institution similar to the foundation. It had EEC capital from the Uwertura program and IBM representatives. Consortium participants divulged they had capital totaling about 1 billion zlotys.

The basic goal of the consortium's activity will be to give initial assistance in drafting strategies of change and then in the practical execution of the assumptions. There are plans to create special commissions to bolster concrete privatization efforts, set up training for managers, and make an effort to see that jobs are created. Owing to the Lublin Region's economic profile and geographical location, special attention is being given to the food and agriculture industry and to the region's development as a base of contacts with eastern neighbors.

Both documents, the regional agreement and the document establishing the consortium, were announced by Deputy Minister of Privatization Jerzy Drygalski, and by Jerzy Rybicki, deputy chief of the Central Planning Administration. They both emphasized that as an expression of the active nature of the local centers, both centers were carrying out the recently accepted government program of economic changes in Poland. They also mentioned that the participation of the two central institutions was no guarantee that the region would receive special priority.

#### **Mandated Housing Report for 1991 Issued**

*92EP0415B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 4 May 92 p II*

[Article by E.Z.: "World Bank Wants To Know: Housing Report"]

[Text] At the behest of the Ministry of Land Use Management and Construction, the Housing Administration Institute has been conducting research on the status of housing construction since 1990. World Bank experts asked the Construction Ministry to sponsor this research. The experts considered it essential to make a thorough systematic analysis of the situation in this sphere of government activity before developing a report on the condition of the Polish economy. The research results are published twice a year, in April for the past year, and in September for the first half of the current year.

Information for 1991 came from 19 cities of various size, such as Warsaw, Lodz, Bialystok, Inowroclaw, Mragowo,

and Pila. Here is some of the most interesting information gained during the course of the survey that has not been included in the research of the Central Office of Statistics.

#### **Prices**

The results of the research conducted in 125 cooperative buildings signed over for use in the above cities in 1991 showed that the mean cost of membership per square meter usable space was 3.47 million zlotys [Z], and the cost ranged from Z2.34 to Z5.16 million.

Prices on the housing market in private sales was highest in Warsaw, from Z5 to Z9 million per square meter, and lowest in Bytom, from Z1 to Z4 million per square meter. In the towns of moderate size, housing prices ranged between Z2.2 and Z4.2 million per square meter, but in the small towns, those under 25,000 population, they averaged between Z1.8 and Z4 million.

#### **Management of Resources**

Total budget subsidies for cooperative housing were greater than those for municipal housing. According to estimates, in 1991 subsidies for central heating and hot water in cooperatives totaled about Z5.8 trillion, but subsidies for municipal housing amounted to only about Z3.4 trillion. There was no confirmation of the current opinion that arrearages in the payment of fees for municipal and cooperative housing are growing in cooperative housing, the figure remained the same, and in municipal housing it even declined.

#### **Characteristics of the Buildings**

In the cities examined, cooperation predominated among the investments begun. Plant and municipal investments were only found in certain towns, and the extent of them was very limited, amounting to only one, two, or three buildings during an entire year. The number of buildings that public investors began in towns during the latter half of 1991 was nearly twice as great as during the first half. The majority of the buildings were erected in neighborhood developments. Separate houses and those inserted between existing buildings accounted for 50 percent of the construction carried out during the first half of the year, and 30 percent during the latter half.

#### **Private Construction**

There are greater differences now in the general standard of new buildings. At the one extreme there are the small one-story buildings of from 400 to 600 cubic meters, with a finished attic but no cellar, with three- and four-room apartments that have a utility area of 70-90 square meters. They are usually found in row construction using identical designs. At the other end are the large buildings with 1,500 cubic meters and up. These are free standing deluxe seven- or eight-room single-family dwellings with full basements and garages. Another new phenomenon is the erection of private

single-family homes with built-in service facilities with an area of from under 20 square meters to several times that.

#### **Project Design**

The area of "blank spots," voivodships where there are no project designs at all, is becoming larger, increasing from 16 in 1990 to 21 in 1991. This phenomenon has already become permanent in many of them. In 11 voivodships, no design has been approved during the past two years. The dispersion of investments is also becoming a permanent feature. Eighty percent of the projects were very small ones designed for fewer than 1,000 inhabitants.

#### **Share of Budget Devoted to Housing Funds**

Subsidies to maintain housing resources were restricted to the greatest extent in the large cities. Subsidies were eliminated altogether in three out of seven. Expenditures

on municipal construction were generally negligible or nonexistent. Kolo had the greatest budget expenditure for this purpose, 11.1 percent, and Inowroclaw came second with 9.8 percent. Total local budget expenditures for the housing sphere in the largest cities was about 17 percent, while that in cities of moderate size was 24 percent and in small cities, 20 percent.

#### **Financing Construction**

The information was obtained from 15 PKO [General Savings Bank] banks and one cooperative bank. Credit allocated and extended to physical persons in 1991 represented 2.6 percent of the mean amount of credit extended to cooperatives. The total credit extended for housing construction amounted to from 9 to 15 percent of the balance-sheet amounts of the banks surveyed. In the large cities, in most instances the credit amounts were higher than the amounts of investments with a fixed time-limit greater than six months.

### Commentary Views 'New-Look' Diplomatic Corps

AU2705183592 Belgrade BORBA in Serbo-Croatian  
18 May 92 p 14

[Commentary by Nenad Briski: "Adjusting to One's Company"]

[Text] Only a few years ago the Federal Secretariat for Foreign Affairs [SSIP] was a powerful institution, and the Yugoslav diplomatic corps were respected and active in world affairs. Although it might seem as if centuries have passed since then, it was not such a long time ago that the SFRY was president of the Nonaligned Movement, organized the Balkans conference, stood in "the front battle lines" of decisionmaking in the CSCE and the UN, and was almost about to be made associate member of the EC. In those days, the SSIP employed 2,700 people, there were 150 diplomatic missions worldwide, and there was generally enough money to finance all that.

But, but....

As the federal state moved toward disintegration, the diplomatic service with its Belgrade headquarters followed suit. Two years ago, the number of diplomatic missions was cut to 134, and the number of employees to 2,300. Last year a new program was outlined, according to which the number of employees is to be cut by a further 1,000, and the diplomatic missions from the mentioned 134 to a mere 90.

### Misery Everywhere

If the agreement is carried out, by the end of this month 44 diplomatic missions will be shut down in over 30 countries. Meanwhile, the SSIP, which is now run on the "staff principle"—the federal secretary has departed, followed by most of his deputies—is in close contact with Serbia and Montenegro, trying to work out a concept of the future federal diplomacy. A meeting was supposed to be held in Podgorica to discuss in detail the new-look diplomatic network.

To judge by the latest ideas, the new country would have about 60 diplomatic missions, and its diplomatic corps would employ some 1,000 people in the country and abroad.

The diplomatic network is presently in quite a shambles—out of 90 diplomatic missions, 50 are without an ambassador, since they came from republics which are now independent states. Several ambassadors from Bosnia-Hercegovina (in Washington, Ottawa, Stockholm, and Rome) are an exception, because their hearts are, as the saying goes, "in the right place," and besides, their term of office will expire this autumn, so there is not much point in pulling them out now. For example, in the whole of South America there are only two ambassadors left, as the others have either departed or are preparing to do so.

The financial circumstances are also gloomy. Three years ago, the SSIP's budget was \$98 million, two years ago it was reduced to \$46 million, while last year it was only \$36 million, out of which the diplomatic corps itself made \$22 million (various taxes). At the moment, the SSIP has a debt of \$12 million, and many in the diplomatic missions have been receiving their payment only after prolonged delay. In some countries, rents and other duties have not been settled for three or four months now. This could be the reason why there are only two people representing Yugoslavia in Helsinki, where it is a matter of life or death for the country, while, for comparison purposes, the Maltese delegation consists of five members.

Anyway, it seems that the new states are much more generous, as it is said that the budget of the Slovene diplomatic corps amounts to \$40 million, the Croatian one 45, and the Macedonian 15.

At the moment it is said in the SSIP that the coming changes will not concern only quantity (reduction in employee numbers), but also quality—the new country can be represented only by those who care deeply about it. The situation will not arise (as it did in the old diplomatic corps) that the employees work against the country's interests. Also, stereotypes can be heard that take one back to "the good old days," such as, for example, the one about diplomats and reporters having a "common task," and the need for "coordinating propaganda and information activities."

### Main Tasks

For example, they say, the "Bijeljina kiss" between Mrs. Plavsic and the liberator Arkan, should not have been shown on television, and thus destroyed "all the diplomatic efforts by Mr. Vladislav Jovanovic." As if those who read anything into that kiss have no other source of information but the news program on Belgrade Television.

The current transitional, old-new, federal diplomatic corps has as its main aim the verification of the sovereignty of Yugoslavia, and its international continuation. Some say that the confusion over the terms "continuity" (meaning to continue international legal subjectivity) and "secession" (meaning to take on rights and duties) has already caused too much damage. They say that the problem of continuity would have been easily solved if it had not been turned into a political problem, rather than taken for the legal problem that it is in reality.

In support of that thesis, they mention the UN decision of 1947, when Pakistan and India were separated. When a part of a country splits from the rest, there is no change in the status of the remainder, and that the country's membership in the UN is not canceled if it changes its constitution and borders.

The fiercest battle is now fought over the question of continuity, and the worst "enemies," who reject any

continuity of the SFRY-FRY [Federal Republic of Yugoslavia] are Austria, Germany, Albania, Slovenia, Croatia, and Hungary to some degree.

The EC, United States, and most other countries condition the recognition of continuity, using it as a weapon to apply pressure on the FRY in solving the Yugoslav crisis. Russia, Romania, China, and "some nonaligned countries" (Cuba and North Korea come to mind) do not dispute the continuity of the country.

Relations with most Muslim countries have significantly deteriorated, due to the war in Bosnia-Hercegovina, and it has been known to happen that some embassies of these countries communicate with the SSIP without naming their country.

Finally, insults are thrown around, particularly at the EC, which is accused of "choosing the road of partiality that has led it into a blind alley from which it is now trying to escape." One can hear that the world is in great turmoil, that there are "many dangerous traps hidden in the new world order," that "we do not know what it should look like, but we suffer greatly because of the EC's behavior, because the great shift in the U.S. attitude, because of the activating of the Islamic international community, and the interests of the German-Vatican complex in Europe." All these "enemies" of the third Yugoslavia are united in the main aim, which is the disintegration of Yugoslavia, with the only difference being in the intensity of their activities.

Whether the expert estimates and sharp qualifications will help the former and present federal analysts to keep their places in the diplomatic corps remains to be seen.

### Commentary Suggests War Has No Winners

AU2605105892 Belgrade POLITIKA in Serbo-Croatian  
17 May 92 p 7

[Commentary by Ljubodrag Stojadinovic: "Fate of War"]

[Text] The worst news came from Tuzla. Serbian territorials were killed in an army convoy, and the cease-fire signed under the high authority of the UN officers by all warring sides was thus brutally shattered. There have been no encouraging signs for a long time.

There is only a slim line of distinction between the unfortunate Tuzla convoy, which was attacked with all the methods learned in the high schools of Islamic fundamentalism, and the feelings of soldiers who arrived at Batajnica airport. There is no joy in either case. The soldier who kissed the Serbian soil at Batajnica and then raised his hands in resignation and surrender to the uncertain future is doubtless the most dramatic media illustration of the war. The dead cannot be helped, and there is no cause for joy among the survivors. The new state continues the struggle for its very existence and its military renaissance under an indescribable shock caused by the threat of hunger and the presence of death.

It is totally uncertain today when this war might end. There seems to be no logic to it, which would determine strategy and tactics, and minds are even more confused than the battlefields themselves. Calls for reason, compassion, old friendships, charity, and "traditional understanding" become senseless, and assessments by "foreign factors" as to what the real cause is for the present chaos are being sneered at openly. Everything else is in the gallery of the traditional Serbian masochism and is accompanied by the atavistic defense against the enemy's might demonstrated by the general attitude that there is no "falling on our knees." Still, it has proved an expensive but effective defense before.

However, there is no immediate answer to the terrifying fear of war and the deaths of boys who had barely graduated, nor is there an answer to the horrible pictures of burned up 19-year-olds. But some lessons and the worst experiences must be remembered, since "it is horrible to have to die the same way a hundred times."

This war has shown so far that none of the brotherly nations believed such a tragedy could happen. Or, at least, not their own tragedy. And when the shooting began, nobody really believed in the possibility of mass deaths of one's own kind. As nationalistic fanaticism flourished, myths were brought to life or destroyed, and the number of dead grew. Slow thinking in the army contributed to the incapability of learning from the catastrophes that were survived. The blockade of the barracks even today remains an unhealed wound. But, at least there is agreement on one thing among all the states of the old Yugoslavia: War is meaningless. This has been admitted by all, in one way or another, but it seems that, for the time being at least, it has come too late, and the war goes on by pouring out enormous amounts of amassed hatred. With this simple realization, many find it most logical to seek answers from the former Yugoslav People's Army—the Yugoslav Army, as of the day after tomorrow. The tragedy of the soldiers cannot be comprehended through attempts to answer the most complex questions about the causes for it with insipid descriptions of their suffering. The Yugoslav army is trying to survive while being caught up by two dramas: suffering from the war and its internal transformation. At the moment, unfortunately, the suffering is "faster" than the transformation, and, using the ugly and stupid notion of not wanting to be placed in the same "basket" with the others, some vain generals still regard their pensions as more important than the suffering of those who have not yet started to work. The reference to the same "basket" is unoriginal and indecent, and claims of one's own effectiveness and swift separation from the leaders of the elite are not convincing. Still, that belongs to the past. The aim of quickly ending the war should contain, as its basic motive, a wise preservation of valuable lives, and not the pathetic vanity of the latest pensioners.

The story of the Tuzla massacre will definitely overshadow all this. We want to believe that they were the last victims who were so naively placed on the altar of the first European Jamahiriya, and that, in the future, it

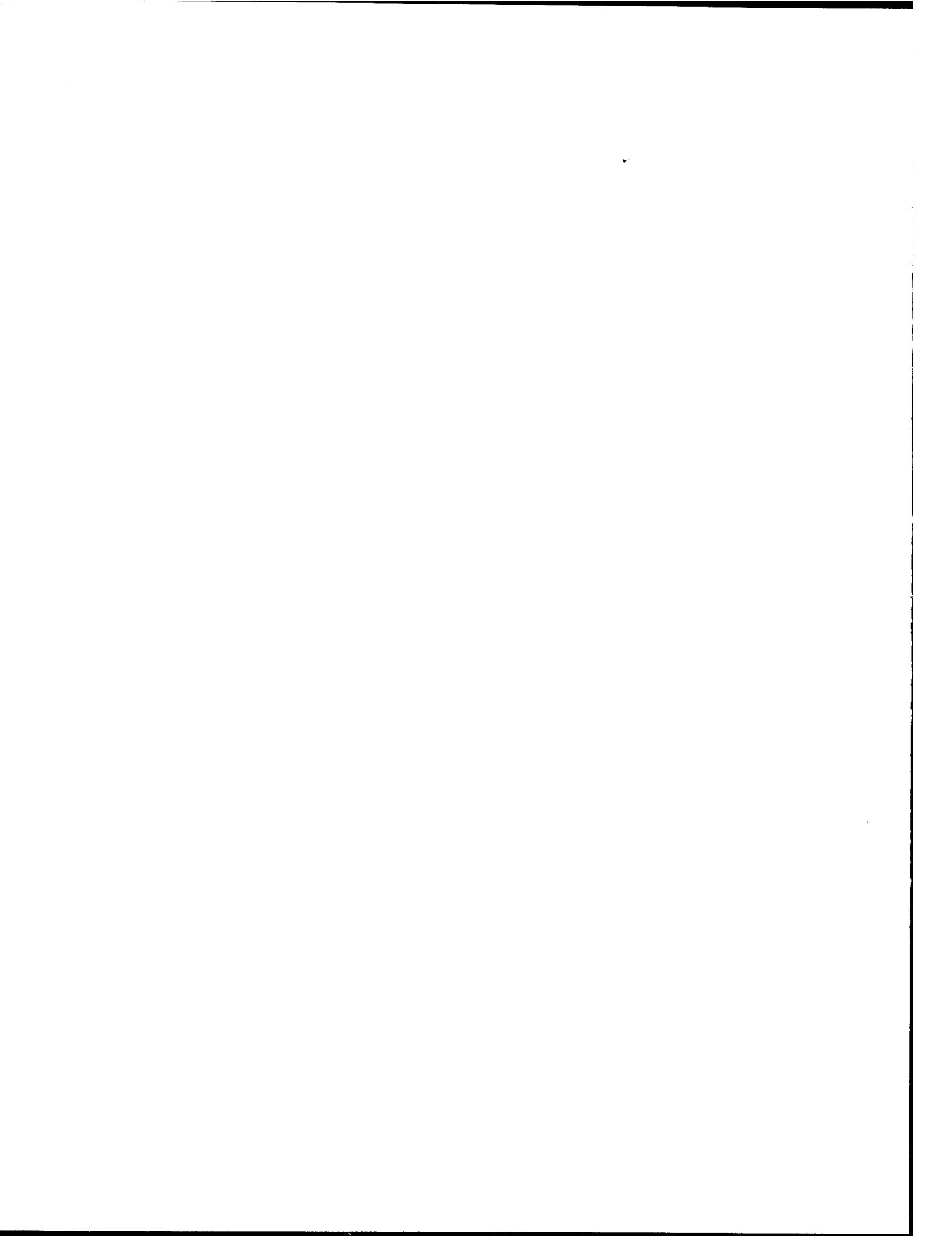
will be possible to use a Serbian armed force in their own state to defend people and their homes from the ominous Islamic metastasis.

Under these circumstances, when the increasingly severe depression and economic misery caused by the war take us back to the illusory tranquility of a new state, its citizens return from the war to remain soldiers of its transformed army. What are the results of the 11 months of fighting? Are there any winners there, and proof that when all is lost, victory is on our side?

There are no answers. They might come, as has happened many times in history, after careful analysis of war memoirs, always written in the aftermath by great army

commanders. Maybe. But we have no great army commanders in this war, and things are different. The secret is probably known to the former key players in the chaotic war-mongering here. They keep their silence, thinking that they have the right to their unfounded philosophical superiority. At the same time, they have never written, and the best works signed with their names were created by hired teams of writers. Is that the key to the ignorance of the basics of war, and the real reason for the silence of those whose shoulders are burdened by horrible guilt? By losing their power, they have lost the theoreticians of their magnificent military achievements.

Some comfort can be found in the fact that new times offer new people, who are a match for the drama. Some are already here, and some we might not yet be aware of.



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